OFFICIAL STATEMENT

NEW ISSUE – Book Entry Only

RATINGS: Moody's "Aaa"
Standard & Poor's "AAA"
Underlying Ratings: Moody's "A1" and S&P "AA"
See "*RATINGS*" herein

Subject to compliance by the District with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel"), under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. See "TAX MATTERS" herein for a more complete discussion. Interest on the Bonds is not exempt from present Illinois income taxes.

COMMUNITY UNIT SCHOOL DISTRICT NUMBER 304
KANE COUNTY, ILLINOIS
(GENEVA)

$85,820,000 GENERAL OBLIGATION SCHOOL BONDS, SERIES 2007A

Dated: July 1, 2007 | Due: January 1, as shown on inside cover

The General Obligation School Bonds, Series 2007A (the "*Bonds*"), are issued under the provisions of the School Code of the State of Illinois, and all laws amendatory thereof and supplementary thereto, authorizing Community Unit School District Number 304, Kane County, Illinois (the "*District*"), to incur an indebtedness and issue bonds in evidence thereof to build and equip two new elementary school buildings and a maintenance building and alter, repair, equip and make site improvements to existing school buildings (the "*Project*") and refund certain outstanding bonds as more fully described herein under the heading "*THE BONDS –Purpose and Authority*."

Interest on the Bonds will be payable semiannually on each January 1 and July 1, commencing January 1, 2008.

The Bonds will be issued in fully registered form and will be registered initially only in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company *("DTC")*, New York, New York. DTC will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds purchased. Ownership by the beneficial owners of the Bonds will be evidenced by book-entry only. Principal and interest on the Bonds will be paid by The Bank of New York Trust Company, N.A, Chicago, Illinois, as bond registrar and paying agent (the *"Registrar"*), to DTC, which in turn will remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the Bonds will be made to such registered owner, and disbursement of such payments will be the responsibility of DTC and its participants.

The Bonds are subject to optional redemption prior to maturity as described herein under *"THE BONDS - Redemption."*

In the opinion of Bond Counsel, the Bonds are valid and legally binding upon the District, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. The amount of said taxes that may be extended to pay the Bonds is limited as provided by law. See *"SECURITY FOR THE BONDS"* herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by FINANCIAL SECURITY ASSURANCE INC.

The Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice, and subject to the approval of legality of the Bonds by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel. It is expected that the Bonds in definitive form will be available for delivery to the Underwriter in Chicago, Illinois, on or about July 31, 2007.

William Blair & Company

The Date of this Official Statement is July 10, 2007

$85,820,000 GENERAL OBLIGATION SCHOOL BONDS, SERIES 2007A

MATURITIES, AMOUNTS, COUPONS, YIELDS AND CUSIPS

Due January 1	Amount	Coupon	Yield	CUSIPs
2020	$2,650,000	5.000%	4.380%	484026 JG5
2021	4,050,000	5.000	4.410	484026 JH3
2022	10,595,000	9.000	4.500	484026 JJ9
2023	11,550,000	9.000	4.530	484026 JK6
2024	12,590,000	9.000	4.550	484026 JL4
2025	13,720,000	9.000	4.570	484026 JM2
2026	14,960,000	5.000	4.530	484026 JN0
2027	15,705,000	5.000	4.550	484026 JP5

(Plus accrued interest from July 1, 2007.)

No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering described herein and if given or made, such other information or representations must not be relied upon as statements having been authorized by the District, the Underwriter or any other entity. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds, nor shall there be any offer to sell or solicitation of an offer to buy the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is submitted in connection with the sale of the securities described in it and may not be reproduced or used, in whole or in part, for any other purposes.

Unless otherwise indicated, the District is the source of all tables and statistical and financial information contained in this Official Statement. The information contained in this Official Statement concerning DTC has been obtained from DTC. The other information set forth herein has been furnished by the District or from other sources believed to be reliable. The information and opinions expressed herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date of this Official Statement.

This Official Statement should be considered in its entirety and no one factor considered less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statute, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

Any statements made in this Official Statement, including the Exhibits and Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the District's beliefs as well as assumptions made by and information currently available to the District. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Other than with respect to information concerning Financial Security Assurance Inc. (*"Financial Security"*) contained under the caption *"BOND INSURANCE"* and Exhibit J Specimen *"Municipal Bond Insurance Policy"* herein, none of the information in this Official Statement has been supplied or verified by Financial Security and Financial Security makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Bonds; or (iii) the tax exempt status of the interest on the Bonds.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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COMMUNITY UNIT SCHOOL DISTRICT NUMBER 304
KANE COUNTY, ILLINOIS
(GENEVA)

BOARD OF EDUCATION

Mary Stith
President

Timothy Moran ***Vice President***	**Autumn Burns**	**Leslie Juby**
Kelly Nowak	**Susan Shivers**	**Bill Wilson**

Dr. Kent Mutchler
Secretary

Rebecca Allard
Treasurer

OFFICIALS

Dr. Kent Mutchler
Superintendent

Ms. Rebecca Allard
Assistant Superintendent for
Business and Operations

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COMMUNITY UNIT SCHOOL DISTRICT NUMBER 304
KANE COUNTY, ILLINOIS
(GENEVA)
$85,820,000 GENERAL OBLIGATION SCHOOL BONDS, SERIES 2007A

INTRODUCTION

The purpose of this Official Statement, including the cover page and the Exhibits hereto, is to provide certain information concerning Community Unit School District Number 304, Kane County, Illinois (the *"District"* or the *"Issuer")* and its General Obligation School Bonds, Series 2007A (the *"Bonds"*). This Official Statement includes the cover page and all appendices and exhibits hereto.

This introduction is not a summary of the Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, appendices and exhibits hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement.

THE BONDS

Purpose and Authority

The Bonds are being issued pursuant to the powers of the District under the provisions of the School Code of the State of Illinois, as amended, and all laws amendatory thereof and supplementary thereto, and to a Resolution adopted by the Board of Education of the District on June 25, 2007 (the *"Bond Resolution"*).

Proceeds of the Bonds will be used to (i) build and equip two new elementary school buildings and a maintenance building and alter, repair, equip and make site improvements to existing school buildings (the *"Project"*), (ii) refund certain of the District's outstanding Capital Appreciation School Bonds, Series 1998A, dated September 9, 1998 and its General Obligation Bonds, Series 2004A, dated December 1, 2004 (together the *"Refunded Bonds"*); (iii) fund capitalized interest on the portion of the Bonds relating to the Project; and (iv) pay for costs of issuing the Bonds as described under "*THE BONDS-Plan of the Financing*".

Pursuant to a referendum held on April 17, 2007 (the *"2007 Referendum"*), voters of the District approved the issuance of bonds in the amount of $79,990,000 to finance costs of the Project by a vote of 2,495 (51%) to 2,395 (49%). The District has not heretofore issued any of said bonds. With this issue, the District intends to issue $64,990,000 of the referendum approved bonds.

Security for the Bonds

The Bonds are general obligations of the District payable from ad valorem taxes levied on all taxable property within the boundaries of the District without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

The Bond Resolution provides for the levy of ad valorem taxes, unlimited as to rate or amount, upon all taxable property within the District in amounts sufficient to pay, as and when due, all principal of and interest on the Bonds. The Bond Resolution will be filed with the County Clerk of Kane County, Illinois (the *"County Clerk"*), and will serve as authorization to the County Clerk to extend and collect the property taxes as set forth in the Bond Resolution.

General

The Bonds will be dated July 1, 2007 and will mature on January 1 of the years shown on the inside cover. The Bonds will bear interest from July 1, 2007, payable on January 1, 2008 and each July 1 and January 1, thereafter, at the rates set forth on the inside cover page hereof. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Bank of New York Trust Company, N.A, Chicago, Illinois, will serve as bond registrar and paying agent (the "*Registrar*") for the Bonds. The Bonds will be issued only as fully registered bonds in denominations that are integral multiples of $5,000. The Bonds are subject to redemption prior to maturity. See *"THE BONDS – Redemption"* herein.

The Bonds will be initially registered through a book-entry only system operated by The Depository Trust Company, New York, New York (*"DTC"*). Details of payments of the Bonds and the book-entry only system are described below under the caption "*THE BONDS - Book-Entry Only System.*" Except as described under that caption, beneficial owners of the Bonds will not receive or have the right to receive physical delivery of Bonds, and will not be or be considered to be the registered owners thereof. Accordingly, beneficial owners must rely on (i) the procedures of DTC and, if such beneficial owner is not a DTC Participant (as defined below), the DTC Participant who will act on behalf of such beneficial owner to receive notices and payments of principal and redemption price of and interest on the Bonds, and to exercise any voting rights and (ii) the records of DTC and, if such beneficial owner is not a DTC Participant, such beneficial owner's DTC Participant, to evidence its beneficial ownership of the Bonds. So long as DTC or its nominee is the registered owner of the Bonds, references herein to bondholders or registered owners of such Bonds shall mean DTC or its nominee and shall not mean the beneficial owners of such Bonds. The laws of some states may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and laws may impair the ability to transfer beneficial interests in a Bond.

Registration and Transfer

The Registrar will maintain books for the registration of ownership and transfer of the Bonds. Subject to the provisions of the Bonds as they relate to book-entry form, any Bond may be transferred upon the surrender thereof at the principal corporate trust office of the Registrar, together with an assignment duly executed by the registered owner of his or her attorney in such form as will be satisfactory to the Registrar. No service charge shall be made for any transfer or exchange of Bonds, but the District or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

The Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

Redemption

Optional Redemption. The Bonds due on January 1, 2020, 2021, 2026 and 2027 are subject to optional redemption prior to maturity as a whole or in part in integral multiples of $5,000 in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by lot by the Registrar) on any date on and after January 1, 2017 at par plus accrued interest to the redemption date.

General Redemption Terms. For purposes of any redemption of less than all of the Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot not more than 60 days prior to the redemption date by the Registrar by such method of lottery as the Registrar shall deem fair and appropriate (except when the Bonds are held in a book-entry system, in which case the selection of Bonds to be redeemed will be made in accordance with procedures established by DTC or any other book-entry depository); provided that such lottery shall provide for the selection for redemption of Bonds or portions thereof in principal amounts of $5,000 and integral multiples thereof.

Unless waived by the registered owner of Bonds to be redeemed, notice of any redemption will be given by the Registrar on behalf of the District by mailing the redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Registrar.

Notice of redemption having been given as described above and in the Resolution, and notwithstanding failure to receive such notice, the Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds will be paid by the Registrar at the redemption price.

Plan of the Financing

The sources and uses of funds resulting from the Bonds are shown below:

Sources:		
	Par Amount	$85,820,000.00
	Accrued Interest	519,100.00
	Net Original Issue Premium	25,749,967.70
	Total Sources	$112,089,067.70
Uses:		
	Project Fund	$64,990,000.00
	Refunding Escrow Deposit	38,339,860.95
	Costs of Issuance *	1,180,570.98
	Accrued and Capitalized Interest	7,578,635.77
	Total Uses	$112,089,067.70

* Includes underwriter's discount and bond insurance.

The District is issuing a portion of the Bonds to refund the Refunded Bonds. To provide for refunding of the Refunded Bonds, the District will use $38,339,860.95 of the proceeds of the Bonds to purchase direct obligations of the United States of America (the *"Treasury Securities"*) and to provide a beginning cash balance. The Treasury Securities and beginning cash balance will be held by The Bank of New York Trust Company, N.A, Chicago, Illinois, as escrow agent (the *"Escrow Agent"*), in a segregated escrow account (the *"Escrow Account"*). The principal of the Treasury Securities and interest earned thereon, together with an initial cash deposit, will be sufficient to pay the principal of and interest on the Refunded Bonds when due and upon redemption prior to maturity.

Verification of Mathematical Computations

The accuracy of (a) the mathematical computations as to the adequacy of the maturing principal amounts of and interest on the Treasury Securities, together with proceeds from the reinvestment thereof, and any cash held in the Escrow Account to pay the Refunded Bonds in the manner described herein under the caption *"THE BONDS – Plan of the Financing"* and (b) the mathematical computations supporting the conclusion that the Bonds are not "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986, as amended (the *"Code"*) will be verified at the time of delivery of the Bonds by Causey Demgen & Moore Inc., Denver Colorado (the *"Verifier"*). Such verification will be based, among other things, upon mathematical computations supplied by the Underwriter in connection with the matters set forth above.

Book-Entry Only System

The Depository Trust Company (*"DTC"*), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants (*"Direct Participants"*) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other bonds transactions in deposited bonds, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of bonds certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (*"DTCC"*). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. bonds brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (*"Indirect Participants"*). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (*"Beneficial Owner"*) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial

Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the District or Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

The District will have no responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of, or interest on, any Bonds; (iii) the delivery of any notice by the Securities Depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the bonds; or (v) any other action taken by the Securities Depository or any Participant.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Financial Security Assurance Inc. ("Financial Security") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

<u>Financial Security Assurance Inc.</u>

Financial Security is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Financial Security Assurance Holdings Ltd. ("Holdings"). Holdings is an indirect subsidiary of Dexia, S.A., a publicly held Belgian corporation, and of Dexia Credit Local, a direct wholly-owned subsidiary of Dexia, S.A. Dexia, S.A., through its bank subsidiaries, is primarily engaged in the business of public finance, banking and asset management in France, Belgium and other European countries. No shareholder of Holdings or Financial Security is liable for the obligations of Financial Security.

At March 31, 2007, Financial Security's combined policyholders' surplus and contingency reserves were approximately $2,601,527,000 and its total net unearned premium reserve was approximately $2,089,989,000 in accordance with statutory accounting principles. At March 31, 2007, Financial Security's consolidated shareholder's equity was approximately $2,753,483,000 and its total net unearned premium reserve was approximately $1,649,524,000 in accordance with generally accepted accounting principles.

The consolidated financial statements of Financial Security included in, or as exhibits to, the annual and quarterly reports filed after December 31, 2005 by Holdings with the Securities and Exchange Commission are hereby incorporated by reference into this Official Statement. All financial statements of Financial Security included in, or as exhibits to, documents filed by Holdings pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this Official Statement and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement. Copies of materials incorporated by reference will be provided upon request to Financial Security Assurance Inc.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

The Policy does not protect investors against changes in market value of the Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings or other causes. Financial Security makes no representation regarding the Bonds or the advisability of investing in the Bonds. Financial Security makes no representation regarding the Official Statement, nor has it participated in the preparation thereof, except that Financial Security has provided to the Issuer the information presented under this caption for inclusion in the Official Statement.

THE DISTRICT

<u>Location</u>

The District is a rapidly growing school district located in the City of Geneva in Kane County, Illinois, 35 miles west of Chicago. The District serves students from the Cities of Geneva and St. Charles and a portion of Batavia and Blackberry Townships. The estimated population of the District is 30,550.

The City of Geneva is renowned for its historic charm and scenic beauty, a thriving downtown of fine restaurants and distinctive shops, and a multitude of recreational opportunities.

There are eight schools in the District (five elementary schools, grades K-5; two middle schools, grades 6-8; and one high school, grades 9-12).

The District currently employs 841 people: 405 teachers, 412 non-certified personnel, and 24 administrators.

The District is governed by an elected seven-member Board of Education and a full-time administrative staff.

<u>Administration</u>

Dr. Kent Mutchler, Superintendent. Dr. Mutchler became Superintendent of the District in 2006 and has over 21 years of experience as an administrator and educator. Prior to the District, Dr. Mutchler was Superintendent at Ankeny Community School District in Ankeny, Iowa for four years and before that, Superintendent at Oelwein Community School District in Oelwein, Iowa. Dr. Mutchler received his Doctorate in Education Administration, ED.S. and M.S.E. degrees from Drake University in DesMoines, Iowa. He received his M.A. in the History of

Technology & Science from Iowa State University, Ames, Iowa and his B.A. in Social Sciences and Physical Education from Buena Vista College in Storm Lake, Iowa.

Ms. Rebecca Allard, Assistant Superintendent of Business Service and School Treasurer. Ms. Allard has over 30 years of experience in school business. Ms. Allard has been with the District since 2002 and has served in her current position since that time. Prior to the District, Ms. Allard was the Director of Fiscal Services and Personnel at Gurnee School District Number 56 and the Director of Fiscal Services at Community Unit School District Number 220 (Barrington). Ms. Allard served as President of the Illinois Association of School Business Officials from 2003-2004 and is active in the IASBO legislative committees. She holds a B.A. in Business from DePaul University and an M.B.A. from North Central College.

Board of Education

	Year Term Expires
Mary Stith, President	2011
Timothy Moran, Vice President	2009
Autumn Burns	2009
Leslie Juby	2011
Kelly Nowak	2011
Susan Shivers	2009
Bill Wilson	2009
Kent Mutchler, Secretary	Appointed
Rebecca Allard, Treasurer	Appointed

Enrollments

Enrollments for the District have been and are projected as follows:

School Year	Enrollment	School Year	Enrollment
2002/03	5.305	2007/08*	6,145
2003/04	5,489	2008/09*	6,489
2004/05	5,620	2009/10*	6,884
2005/06	5,723	2010/11*	7,080
2006/07	5,854	2011/12*	7,276

* Projections

ECONOMIC CHARACTERISTICS

Population

Population Trends

	1980	1990	2000
City of Geneva	9,881	12,617	19,515
City of St. Charles	4,125	12,495	22,501
Kane County	278,405	317,471	404,119
State of Illinois	11,426,518	11,430,602	12,419,293

Sources: U.S. Census of Population and Housing

Economics

The following table shows amounts reported by retailers in the Cities of Geneva and St. Charles for calendar years 1997 through 2006. These sales tax receipt numbers provide an indication of consumer spending by individuals and companies only.

Sales Tax Receipts

City of Geneva

Years	Receipts by Type of Retailer: Food	Other	Total
1997	$538,488	$8,633,332	$9,171,820
1998	577,646	10,880,699	11,458,344
1999	585,493	13,173,275	13,758,768
2000	575,093	13,976,654	14,551,747
2001	494,874	14,430,518	14,925,392
2002	481,343	17,102,845	17,584,187
2003	475,159	20,663,853	21,139,012
2004	505,004	22,455,230	22,960,234
2005	567,160	23,125,803	23,692,963
2006	725,955	23,442,136	24,168,091

City of St. Charles

Years	Receipts by Type of Retailer: Food	Other	Total
1997	$20,881	$2,507,511	$2,528,392
1998	35,712	2,863,553	2,899,265
1999	39,492	3,143,515	3,183,007
2000	25,786	3,014,034	3,039,820
2001	22,853	3,627,143	3,649,996
2002	21,274	3,595,488	3,616,763
2003	0	4,122,728	4,122,728
2004	736	3,060,490	3,061,225
2005	1,202	2,676,760	2,677,961
2006	702	2,566,936	2,567,638

Source: State of Illinois, Department of Revenue

Median Family Income and Median Home Value

	Median Family Income			Median Home Value		
	1980	1990	2000	1980	1990	2000
City of Geneva	$30,846	$56,047	$88,852	$81,600	$147,900	$217,900
City of St. Charles	27,379	55,544	82,828	74,700	137,400	192,200
Kane County	25,046	45,457	66,558	60,500	102,500	160,400
State of Illinois	22,748	38,664	55,545	53,900	80,900	130,800

Source: U.S. Census Bureau

Construction

Construction values for the Cities of Geneva and St. Charles listed below are exclusive of land costs.

City of Geneva

Year	No. of Permits	Home Value	All Construction
1997	138	$33,569,595	$76,914,198
1998	132	37,528,200	86,125,467
1999	226	56,876,816	75,568,543
2000	255	67,191,207	117,808,957
2001	308	84,344,102	104,133,322
2002	228	64,367,665	111,003,999 *
2003	221	63,067,899	N.A.
2004	233	65,788,244	N.A.
2005	211	59,703,404	N.A.
2006	106	32,857,299	N.A.
2007**	13	6,596,428	N.A.

City of St. Charles

Year	No. of Permits	Home Value	All Construction
1997	155	$31,048,377	$68,896,607
1998	228	36,000,137	79,898,498
1999	497	59,670,729	112,588,847
2000	382	55,566,195	128,093,708
2001	425	64,267,832	119,667,962
2002	376	55,434,438	93,168,002 *
2003	175	35,020,568	N.A.
2004	89	27,833,019	N.A.
2005	90	27,235,053	N.A.
2006	68	19,896,600	N.A.
2007**	10	2,831,000	N.A.

* All Construction for 2002 was only reported through November 2002.
** Through March 2007

Note: LaSalle Bank NA discontinued the Survey of Building report in 2002. All Construction figures are not available after November 2002. Residential building permits from 2003 through 2006 from the U.S. Census Bureau.

Source: LaSalle Bank NA, Survey of Building – Chicago Metropolitan Area and the U.S. Census Bureau

Largest Area Employers

Company	Type of Business	Number of Employees
Fermi National Accelerator Laboratory	High energy physics research laboratory	2,000
Delnor-Community Hospital	General hospital	1,022
Burgess-Norton Mfg. Co.	Screw machine products, piston pins and powder metal parts	900
Peacock Engineering Co.	Contract packaging of shelf-stable and refrigerated food products	600
System Sensor	Fire alarms and smoke detectors	500
Pheasant Run Resort & Convention Center	Hotel and convention center	500
Suncast Corp.	Plastic garden hose reels, sheds, patio deck boxes, snow shovels and law and garden sheds	450
Agco Corp., Parts Div.	Distributor of farm equipment parts	425
Moore Wallace North America, Inc.	Business Form printing	360
Smithfield Foods, Inc.	Sausage and salami processing	350
Johnson Controls, Inc., Battery Group	Automobile batteries	300
Perfect Plastic Printing Corp.	Printed plastic security products	260
Power Packaging, Inc.	Contract packaging	250
Sealy Mattress Co., Inc.	Foam and innerspring bedding	250
Coca-Cola Enterprises, Inc.	Distributor of carbonated beverages	250
Dopaco, Inc.	Paperboard cartons	235
Mason Corp.	Store fixtures	225
VWR International, Inc.	Distributor of scientific equipment and supplies	225
Smurfit-Stone Container Corp., Consumer Packaging Div.	Commercial printing	200
White International, Inc.	Corporate headquarters – storage, transfer and warehousing services	200
Aldi, Inc.	Corporate headquarters – grocery store chain	200
Waste Management, Inc.	Garbage disposal service	200
Q Center	Conference center	180
Compact Industries, Inc.	Vending and commercial concession food packaging	175
Sun Chemical Corp.	Printing ink	170
Bison Gear & Engineering Corp.	Speed reducers and gear motors	165
Houghton Mifflin Co.	Wholesale college and school textbooks	160
Laidlaw Transit, Inc.	School bus charter	155
Proex, Inc.	Plastic disposable lids and containers	150
Gordon Flesch Co., Inc.	Photocopy and fax equipment sales and service	150
Charles Ross & Son Co.	Mixer and blenders sales office	150
Millard Refrigerated Services	Cold food storage	150

Source: 2007 Illinois Manufacturers and 2007 Services Directories

Employment Statistics

(Preliminary April 2007 figures)

	City of Geneva	City of St. Charles	Kane County	State of Illinois
Labor Force		18,996	258,428	6,633,027
Employment	N.A.	18,335	246,320	6,321,650
Unemployment		661	12,108	311,377
Rate		3.5%	4.7%	4.7%

Source: Illinois Department of Employment Security

Unemployment

Year	City of Geneva	City of St. Charles	Kane County	State of Illinois
1997	0.8%	4.0%	4.2%	4.7%
1998	0.8%	4.0%	3.9%	4.5%
1999	0.8%	3.7%	3.8%	4.3%
2000	2.6%	3.8%	4.3%	4.4%
2001	3.2%	5.1%	5.3%	5.4%
2002	4.6%	7.0%	6.5%	6.5%
2003	4.7%	6.6%	6.7%	6.7%
2004	4.3%	4.7%	4.3%	6.2%
2005	4.0%	4.5%	5.8%	5.7%
2006	3.0%	3.3%	4.3%	4.5%

Source: Illinois Department of Employment Security

SELECTED FINANCIAL INFORMATION
(As of July 10, 2007)

Estimated Full Value of Taxable Property, 2006		$3,868,407,903
Equalized Assessed Valuation of Taxable Property, 2006		$1,289,469,301
General Obligation Bonded Debt (Exhibit A)		$162,668,241
Percentage to Full Market Value	4.21%	
Percentage to Equalized Assessed Valuation	12.62%	
Per Capita	$5,324.66	
Overlapping General Obligation Bonded Debt (Exhibit B)		$58,986,155
Direct and Overlapping General Obligation Bonded Debt		$221,654,396
Percentage to Full Value of Taxable Property	5.73%	
Percentage to Equalized Assessed Valuation	17.19%	
Per Capita	$7,255.46	
Percentage of Debt Limit (13.8% of EAV)	91.41%	
Population		30,550

TAXES EXTENDED and COLLECTED, ASSESSED VALUATIONS and TAX RATES
(Exhibits C, D, and E)

Year Levied/Col.	Taxes Extended	Taxes Collected	Percentage	Equalized Assessed Valuation	Tax Rate
1998/99	$24,872,685	$24,634,463	99.04%	$563,674,143	$4.4126
1999/00	26,673,802	26,449,893	99.16%	594,799,913	4.4845
2000/01	31,055,308	30,965,661	99.71%	654,333,204	4.7461
2001/02	36,304,817	36,168,770	99.63%	747,028,056	4.8599
2002/03	42,360,155	42,154,748	99.52%	840,395,883	5.0405
2003/04	47,354,675	47,193,520	99.66%	954,404,236	4.9617
2004/05	52,997,726	52,575,030	99.20%	1,054,586,684	5.0255
2005/06	57,650,047	57,422,589	99.61%	1,162,965,932	4.9572
2006/07*	61,905,421	31,035,550	50.13%	1,289,469,301	4.8008

* Distributions through July 12, 2007

Sources: Offices of the County Clerk and County Treasurer, KaneCounty, Illinois

WORKING CASH FUND

The District is authorized, subject to the Property Tax Extension Limitation Law of the State of Illinois, as amended (the "*Limitation Law*"), to issue general obligation bonds to create or increase a Working Cash Fund. Such fund can also be created or increased by the levy of an annual tax not to exceed $.05 per hundred dollars of equalized assessed valuation. The purpose of the fund is to enable the District to have sufficient money to meet demands for ordinary and necessary expenditures for school operating purposes. In order to achieve this purpose, the money in the Working Cash Fund may be loaned, in whole or in part, as authorized and directed by the Board, to any fund of the District in anticipation of ad valorem property taxes levied by the District for such funds, or in anticipation of corporate personal property replacement taxes to be received by the District. The Working Cash Fund is reimbursed when the anticipated taxes or moneys are received by the District. When money is available in the Working Cash Fund, such money must be used to the extent possible to avoid the issuance of tax anticipation warrants. The money in the Working Cash Fund may not be appropriated by the Board in the annual budget.

Working Cash Fund Summary

Fiscal Year	End of Year Fund Balance
2002	$14,485,877
2003	14,203,739
2004	14,203,739
2005	14,190,311
2006	14,190,311

Source: Compiled from the District's Audited Financial Statements for Fiscal Years ending June 30, 2002-2006.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

Summary of Property Assessment, Tax Levy and Collection Procedures

A separate tax to pay the principal of and interest on the Bonds will be levied on all taxable real property within the District. The information under this caption describes the current procedures for real property assessments, tax levies and collections in Kane County, Illinois (the "*County*"). There can be no assurance that the procedures described herein will not change.

Tax Levy and Collection Procedures

Local Assessment Officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Illinois Department of Revenue (the "*Department*") assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local Assessment Officers' valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory formula which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to each respective parcel of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year. Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are subject to a penalty of 1-1/2% per month until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax.

Exemptions

An annual General Homestead Exemption provides that the Equalized Assessed Valuation (*"EAV"*) of certain property owned and used for residential purposes (*"Residential Property"*) may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of $3,500 for taxable years prior to tax year 2004 in counties with less than 3,000,000 inhabitants, and a maximum reduction of $5,000 for taxable year 2004 and thereafter (the *"General Homestead Exemption"*).

The Homestead Improvement Exemption applies to Residential Properties that have been improved or rebuilt in the 2 years following a catastrophic event. The exemption is limited to $45,000 through December 31, 2003, and $75,000 per year beginning January 1, 2004 and thereafter, to the extent the assessed value is attributable solely to such improvements or rebuilding.

Additional exemptions exist for senior citizens. The Senior Citizens Homestead Exemption operates annually to reduce the EAV on a senior citizen's home for taxable years prior to 2004 by $2,000 in counties with less than 3,000,000 inhabitants. For taxable years 2004 through 2005, the maximum reduction is $3,000 in all counties. For taxable years 2006 and thereafter, the maximum reduction is $3,500 in all counties. Furthermore, beginning with assessment year 2003, for taxes payable in 2004, property that is first occupied as a residence after January 1 of any assessment year by a person who is eligible for the Senior Citizens Homestead Exemption must be granted a pro-rata exemption for the assessment year based on the number of days during the assessment year that the property is occupied as a residence by a person eligible for the exemption.

A Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older and have annual incomes of $35,000 or less prior to taxable year 1999, $40,000 or less in taxable years 1999 through 2003, $45,000 or less in taxable years 2004 and 2005, and $50,000 or less in taxable year 2006 and thereafter. In general, the Exemption limits the annual real property tax bill of such property by granting to qualifying senior citizens an exemption as to a portion of the valuation of their property. Through taxable year 2005, the exempt amount is the difference between (i) the current EAV of their residence and (ii) the base amount, which is the EAV of a senior citizen's residence for the year prior to the year in which he or she first qualifies and applies for the Exemption (plus the EAV of improvements since such year). For taxable year 2006 and thereafter, the amount of the exemption phases out as the amount of household income increases. The amount of the exemption is calculated by using the same formula as above, and then multiplying that answer by a ratio that varies according to household income.

Another exemption available to disabled veterans operates annually to exempt up to $70,000 of the Assessed Valuation of property owned and used exclusively by such veterans or their spouses for residential purposes. Lastly, certain property is exempt from taxation on the basis of ownership and/or use, such as public parks, not-for-profit schools and public schools, churches, and not-for-profit hospitals and public hospitals.

Property Tax Extension Limitation Law

The Limitation Law limits the annual growth in the amount of property taxes to be extended for certain Illinois non-home-rule units, including the Issuer. In general, the annual growth permitted under the Limitation Law is the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Taxes can also be increased due to new construction, referendum approval of tax rate increases, mergers and consolidations.

The effect of the Limitation Law is to limit the amount of property taxes that can be extended for a taxing body. In addition, general obligation bonds, notes and installment contracts payable from ad valorem taxes unlimited as to rate and amount cannot be issued by the affected taxing bodies unless they are approved by referendum, are alternate bonds or are for certain refunding purposes.

The District has the authority to levy taxes for many different purposes. See *"Exhibit D-School District Tax Rates by Purpose 2001-2005."* The ceiling at any particular time on the rate at which these taxes may be extended for the District is either (i) unlimited (as provided by statute), (ii) initially set by statute but permitted to be increased by referendum, (iii) capped by statute, or (iv) limited to the rate approved by referendum. Public Act 94-0976, effective June 30, 2006, provides that the only ceiling on a particular tax rate is the ceiling set by statute above, at which the rate is not permitted to be further increased by referendum or otherwise. Therefore, taxing districts (such as the District) will have increased flexibility to levy taxes for the purposes for which they most need the money. The total aggregate tax rate for the various purposes subject to the Limitation Law, however, will not be allowed to exceed the District's limiting rate computed in accordance with the provisions of the Limitation Law.

Local governments, including the Issuer, can issue limited tax bonds in lieu of general obligation bonds that have otherwise been authorized by applicable law.

<u>Truth in Taxation Law</u>

Legislation known as the Truth in Taxation Law (the *"Law"*) limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels.

SCHOOL DISTRICT FINANCIAL PROFILE

Since the Spring of 2003, the Illinois State Board of Education (*"ISBE"*) has utilized a new system for assessing a school district's financial health. The new financial assessment system is referred to as the "*School District Financial Profile"* which replaces the Financial Watch List and Financial Assurance and Accountability System (FAAS). The new system identifies those school districts which are moving into financial distress.

The new system uses five indicators which are individually scored and weighted in order to arrive at a composite district financial profile. The indicators are as follows: fund balance to revenue ratio; expenditures to revenue ratio; days cash on hand; percent of short-term borrowing ability remaining; and percent of long-term debt margin remaining.

Each indicator is calculated and the result is placed into a category of a four, three, two or one, with four being the highest and best category possible. Each indicator is weighted as follows:

Fund balance to revenue ratio	35%
Expenditures to revenue ratio	35%
Days cash on hand	10%
Percent of short-term borrowing ability remaining	10%
Percent of long-term debt margin remaining	10%

The scores of the weighted indicators are totaled to obtain a district's overall score. The highest score is 4.0 and the lowest score is 1.0. A district is then placed in one of four categories as follows:

- *Financial Recognition.* A school district with a score of 3.54-4.00 is assigned to this category, which is the best category of financial strength. These districts require minimal or no active monitoring by ISBE unless requested by the district.
- *Financial Review.* A school district with a score of 3.08-3.53 is assigned to this category, the next highest financial strength category. These districts receive a limited review by ISBE, but are monitored for potential downward trends. ISBE staff also review the next year's school budget for further negative trends.
- *Financial Early Warning.* A school district with a score of 2.62-3.07 is placed in this category. ISBE monitors these districts closely and offers proactive technical assistance, such as financial projections and cash flow analysis. These districts also are reviewed to determine whether they meet the criteria set forth in

Article 1A-8 of the School Code to be certified in financial difficulty and possibly qualify for a Financial Oversight Panel.

- *Financial Watch.* A school district with a score of 1.00-2.61 is in this category, the highest risk category. ISBE monitors these districts very closely and offers technical assistance with, but not limited to, financial projections, cash flow analysis, budgeting, personnel inventories and enrollment projections. These districts are also assessed to determine if they qualify for a Financial Oversight Panel.

The District's overall score for Fiscal Year 2006 (the most recent available and based on District data for its fiscal year ended June 30, 2006) was 3.70, thus placing the District in the Financial Recognition category. The District's overall scores in Fiscal Years 2005 and 2004 were 3.25 and 3.70 respectively.

BOND RATINGS

The Bonds have been rated "Aaa" by Moody's Investors Service (*"Moody's"*) and "AAA" by Standard & Poor's Rating Group *"S&P"*) pursuant to a municipal bond insurance policy provided by Financial Security Assurance Inc. (*"FSA"*). The Bonds have underlying ratings of "A1" from Moody's and "AA" from S&P. The ratings reflect only the views of the rating agencies providing the rating at the time such rating was issued and any explanation of the significance of such rating may be obtained only from each rating service. Certain information and materials concerning the Bonds, the District, and overlapping agencies and entities were furnished to each rating agency by the District and others.

There is no assurance that such ratings will be maintained for any given period of time or that the ratings will not be raised, lowered or withdrawn entirely by each rating agency, if in its judgment circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the market price of the Bonds. An explanation of the significance of investment ratings may be obtained from the rating agencies: Moody's Investors Service, 99 Church Street, New York, New York 10007, telephone (212) 553-0300 and Standard & Poor's Ratings Group, 25 Broadway, New York, NY 10004.

TAX MATTERS

Tax Exemption

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the District's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. The Internal Revenue Code of 1986, as amended (the *"Code"*), includes provisions for an alternative minimum tax (*"AMT"*) for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income (*"AMTI"*), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include all tax exempt interest, including interest on the Bonds.

In rendering its opinion, Bond Counsel will rely upon certifications of the District with respect to certain material facts within the District's knowledge and upon the mathematical computation of the yield on the Bonds and the yield on certain investments by the Verifier. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the *"Issue Price"*) for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Bonds (the *"OID Bonds"*) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the District complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the *"Service"*) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

State Tax Opinion

Interest on the Bonds is not exempt from Illinois state income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

SHORT-TERM BORROWING

The District has not issued and does not anticipate issuing tax anticipation warrants or revenue anticipation notes in 2007 to meet its short-term current year cash flow requirements.

FUTURE DEBT

The issuance of $79,990,000 aggregate principal amount of bonds to pay for the costs of the Project was approved by the voters of the District at the general primary election held on April 17, 2007. The Bonds generated $64,990,000 of proceeds for the Project. The District expects to issue the remaining $15,000,000 of bonds in January of 2008.

DEFAULT RECORD

The District has no record of default and has met its debt repayment obligations promptly.

CONTINUING DISCLOSURE

The District will enter into a Continuing Disclosure Undertaking (the *"Undertaking"*) for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c-2-12 (the *"Rule"*) adopted by the Securities and Exchange Commission (the *"Commission"*) under the Securities and Exchange Act of 1934, as amended (the *"1934 Act"*). The information to be provided on an annual basis, the events that will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, is set forth below under the subcaption *"The Undertaking."*

The District has represented that it is in compliance with each and every undertaking previously entered into by it pursuant to the Rule. A failure by the District to comply with the Undertaking will not constitute a default under the Bond Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See "Consequences of Failure of the District to Provide Information." A failure by the District to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

The Undertaking

The following is a brief summary of certain provisions of the Undertaking of the District and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the District.

Annual Financial Information Disclosure

The District covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, if any (as described below), to each Nationally Recognized Municipal Securities Information Repository (a *"NRMSIR"*) then recognized by the Commission for purposes of the Rule and to the repository, if any, designated by the State of Illinois as the state depository (the *"SID"*) and recognized as such by the Commission for purposes of the Rule. The District is required to deliver such information so that such entities receive the information by the dates specified in the Undertaking. There currently is no SID.

"Annual Financial Information" means information appearing in this Official Statement under the following captions:

Caption		Page
THE DISTRICT - Enrollments		15
SELECTED FINANCIAL INFORMATION		19
Exhibit A -	Direct General Obligation Debt	30
Exhibit A-1 -	Debt Service Payments on Direct General Obligation Debt	31
Exhibit C -	Assessed Valuations	32
Exhibit D -	School District Tax Rates by Purpose	33
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Exhibit G -	Revenues, Expenditures and Changes in Fund Balances	35
Exhibit H -	Official Budget of the District	35

"Audited Financial Statements" means the District's general purpose financial statements as of June 30 and for the year then ended, prepared in accordance with generally accepted accounting principles.

Annual Financial Information exclusive of Audited Financial Statements will be provided to each NRMSIR and to the SID, if any, not more than 210 days after the last day of the District's fiscal year, which currently is June 30. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included and Audited Financial Statements will be filed when available.

Material Events Disclosure

The District covenants that it will disseminate to each NRMSIR or to the Municipal Securities Rulemaking Board (the *"MSRB"*) and to the SID, if any, in a timely manner the disclosure of the occurrence of an Event (as described below) with respect to the Bonds that is material, as materially is interpreted under the 1934 Act. The "Events", certain of which may not apply to the Bonds, are:

- Principal and interest payment delinquencies;
- Non-payment related defaults;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions or events affecting the tax-exempt status of the security;
- Modifications to the rights of security holders;
- Bond calls;
- Defeasances;
- Release, substitution or sale of property securing repayment of the securities; and
- Rating changes.

Consequences of Failure of the District to Provide Information

The District shall give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any, of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the District to comply with any provision of the Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the District to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Bond Resolution, and the sole remedy under the Undertaking in the event of any failure of the District to comply with the Undertaking shall be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the District may amend the Undertaking, and any provision of the Undertaking may be waived, if:

(a) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the District, or type of business conducted;

(b) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the District (such as Bond Counsel).

Termination of Undertaking

The Undertaking shall be terminated if the District shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Resolution. The District shall give notice to each NRMSIR or to the MSRB and to the SID, if any, in a timely manner if this paragraph is applicable.

Additional Information

Nothing in the Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a material Event, in addition to that which is required by the Undertaking. If the District chooses to include any information from any document or notice of occurrence of a material Event in addition to that which is specifically required by the Undertaking, the District shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a material Event.

Dissemination Agent

The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel (the *"Bond Counsel"*) who has been retained by, and acts as, Bond Counsel to the District. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement except that in its capacity as Bond Counsel, Chapman and Cutler LLP has, at the request of the Underwriter, reviewed the statements describing its approving opinion and the information under the heading *"TAX MATTERS"* solely to determine whether such statements and information, insofar as they purport to describe or summarize Bond Counsel's opinions concerning certain federal and state tax matters, are accurate in all material respects. This review was undertaken solely at the request and for the benefit of the Underwriter and did not include any obligation to establish or confirm factual matters set forth herein.

NO LITIGATION

No litigation is now pending or threatened restraining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds or any proceedings of the District taken with respect to the issuance or sale thereof. A certificate to this effect will be delivered by the District with the other customary closing papers when the Bonds are delivered.

UNDERWRITING

William Blair & Company, L.L.C., a limited liability company (the *"Underwriter"*), has agreed to purchase the Bonds from the District at a price of $110,797,241.70 plus accrued interest. The underwriter's spread is approximately 0.70% of the bond proceeds less costs of issuance if all the Bonds are sold at the initial offering prices.

The obligation of the Underwriter is such that it must purchase and pay for all of the Bonds if any are purchased. The Bonds are being offered for sale at the initial prices stated on the inside cover of this Official Statement. After the initial offering, the offering price and other selling terms may be changed. The Underwriter reserves the right to offer any of the Bonds to one or more purchasers.

The Underwriter may engage in secondary market trading in the Bonds subject to applicable securities laws. However, the Underwriter is not obligated to repurchase any of the Bonds at the request of any owner thereof.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Bonds, the Underwriter will be furnished a certificate, executed by proper officers, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the District contained in this Official Statement and any addenda, supplement or amendment hereto on the date of this Official Statement, and on the date of delivery of the Bonds, were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, this Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein in the light of the circumstances under which they were made not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the District, and their activities contained in this Official Statement are concerned, such statements and data have been obtained from sources which the District believes to be reliable and that the District has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the District since June 30, 2006, the date of the last financial statement of the District.

/s/ Mary Stith

President, Board of Education
Community Unit School District Number 304
Kane County, Illinois

Attest:

/s/ Kent Mutchler

Secretary, Board of Education
Community Unit School District Number 304
Kane County, Illinois

EXHIBITS

Exhibits A and B present information about direct debt and overlapping bonded debt. Exhibit C shows the composition of Equalized Assessed Valuation. Exhibits D and E provide information about tax rates for the District and overlapping jurisdictions. Exhibit F lists the District's largest taxpayers. Exhibit G shows the District's recent financial history. Exhibit H shows the District's Official Budget for Fiscal Year 2007. Exhibit I shows the Form of Opinion of Bond Counsel. Exhibit J shows the Specimen of Bond Insurance Policy. Exhibit K shows the audited financial statements of the District for fiscal year ending June 30, 2006.

Exhibit A - Direct General Obligation Debt

Year Ending 6/30	Outstanding Principal	Less: Refunded Principal	Plus: Series 2007A Principal	Total
2008	$6,152,975	($595,000)	$0	$5,557,975
2009	7,270,083	(2,224,053)	0	5,046,031
2010	7,941,162	(3,726,629)	0	4,214,534
2011	8,024,991	(5,045,767)	0	2,979,224
2012	7,166,240	(3,565,103)	0	3,601,138
2013	7,976,171	(3,489,534)	0	4,486,637
2014	6,836,829	(2,219,688)	0	4,617,141
2015	7,082,244	(2,085,374)	0	4,996,870
2016	7,084,103	(1,938,325)	0	5,145,778
2017	9,067,295	(2,875,000)	0	6,192,295
2018	12,755,201	(2,935,000)	0	9,820,201
2019	9,195,476		0	9,195,476
2020	4,607,240		2,650,000	7,257,240
2021	3,597,704		4,050,000	7,647,704
2022			10,595,000	10,595,000
2023			11,550,000	11,550,000
2024	2,790,000		12,590,000	15,380,000
2025			13,720,000	13,720,000
2026			14,960,000	14,960,000
2027			15,705,000	15,705,000
Total	$107,547,714	($30,699,473)	$85,820,000	$162,668,241

Exhibit A-1 - Debt Service Payments on Direct General Obligation Debt

Levy Year	Outstanding Debt Service	Less: Refunded Debt Service	Plus: Series 2007A Debt Service	Less: Capitalized Interest	Total
2006	$10,226,573	($976,683)	$3,114,600	($2,138,663)	$10,225,828
2007	11,335,628	(3,287,540)	6,229,200	(3,886,950)	10,390,338
2008	12,512,680	(5,304,180)	6,229,200	(1,943,475)	11,494,225
2009	13,625,985	(7,226,480)	6,229,200		12,628,705
2010	13,156,570	(5,385,730)	6,229,200		14,000,040
2011	14,468,930	(5,186,100)	6,229,200		15,512,030
2012	15,746,330	(5,135,500)	6,229,200		16,840,030
2013	17,125,218	(5,080,500)	6,229,200		18,273,918
2014	18,571,518	(4,975,500)	6,229,200		19,825,218
2015	18,435,518	(3,165,500)	6,229,200		21,499,218
2016	20,159,930	(3,081,750)	6,229,200		23,307,380
2017	17,724,718		6,229,200		23,953,918
2018	15,260,380		8,879,200		24,139,580
2019	13,572,880		10,146,700		23,719,580
2020	172,980		16,489,200		16,662,180
2021	172,980		16,490,650		16,663,630
2022	2,962,980		16,491,150		19,454,130
2023			16,488,050		16,488,050
2024			16,493,250		16,493,250
2025			16,490,250		16,490,250
Total	$215,231,795	($48,805,463)	$189,604,250	($7,969,088)	$348,061,495

Exhibit B - Overlapping General Obligation Bonded Debt

(As of May 1, 2007)

	Outstanding Bonds	Estimated Percentage Applicable	Amount Applicable
Kane County	$11,345,000 (2)	9.543%	$1,082,653
Kane County Forest Preserve	177,590,866	9.543%	16,947,496
City of Batavia	5,505,000 (2)(4)	9.838%	541,582
City of Geneva	20,595,000 (2)	100.000%	20,595,000
City of St. Charles	54,530,000	0.149%	81,250
Geneva Park District	8,448,725 (2)	90.832%	7,674,146
St. Charles Park District	7,221,345 (2)	0.095%	6,860
Batavia Public Library District 1998 Bonds	3,650,000	4.411%	161,002
Batavia Public Library District 1999 Bonds	2,875,000	4.411%	126,816
Geneva Special Service Area #1	339,000	100.000%	339,000
Geneva Special Service Area #12	31,000	100.000%	31,000
Geneva Special Service Area #22	250,000	100.000%	250,000
Waubonsee Community College District No. 516	77,436,796 (1)(2)(3)(5)	14.398%	11,149,350
Total Overlapping General Obligation Bonded Debt			$58,986,155

(1) Includes Public Building Commission debt secured by lease rentals payable from ad valorem taxes levied on all taxable property within the District.
(2) Excludes principal amounts of outstanding General Obligation (Alternate Revenue Source) Bonds which are expected to be paid from sources other than general taxation.
(3) Includes original principal amounts of outstanding General Obligation Capital Appreciation Bonds.
(4) Excludes installment contracts.
(5) Includes Taxable Debt Certificates.

Source: Kane County Clerk's Office

Exhibit C - Composition of Equalized Assessed Valuations

Type	2002 Value	2003 Value	2004 Value	2005 Value	2006 Value
Residential	$635,244,215	$716,461,044	$770,933,965	$855,304,338	$943,640,278
Farm	10,044,588	10,910,501	10,879,534	10,876,850	12,653,740
Commercial	103,945,485	140,788,852	167,304,427	193,206,641	221,356,349
Industrial	90,553,451	85,585,542	104,726,373	102,878,828	111,121,825
Railroad	608,144	658,297	742,385	699,275	697,109
TOTAL EAV	$840,395,883	$954,404,236	$1,054,586,684	$1,162,965,932	$1,289,469,301

Source: Kane County Clerk's Office

Exhibit D - School District Tax Rates by Purpose, 2001-2006

Tax Year	2001	2002	2003	2004	2005	2006
Education	$2.7275	$2.9473	$2.9100	$3.0800	$3.0800	$3.0594
Fire & Safety Bonds	0.1281	0.0000	0.0000	0.0000	0.0000	0.0000
Building (O & M)	0.6456	0.6750	0.6750	0.6720	0.6750	0.6750
Special Education	0.0383	0.0400	0.0400	0.0400	0.0400	0.0000
Transportation	0.1913	0.2000	0.2000	0.1991	0.2000	0.1508
Working Cash Bonds	0.0192	0.1311	0.1153	0.1043	0.0945	0.0854
IMRF	0.1300	0.1160	0.1060	0.1055	0.0845	0.0573
Liability Insurance	0.2869	0.1980	0.1800	0.0519	0.0000	0.0000
Social Security	0.1000	0.1050	0.0950	0.0946	0.0800	0.0573
Bond & Interest	0.5930	0.6281	0.6404	0.6780	0.7032	0.7156
TOTAL	$4.8599	$5.0405	$4.9617	$5.0255	$4.9572	$4.8008 *

* Equivalent to $480.08 per $10,000 equalized assessed property valuation. Public Act 94-0976, effective June 30, 2006 provides that the only ceiling on a particular tax rate is the ceiling set by statute above which the rate is not permitted to be further increased by referendum or otherwise.

Source: Kane County Clerk's Office

Exhibit E - Representative Total Tax Rates, 2002-2006

Taxing Authority	2002 Tax Rate (per $100)	2003 Tax Rate (per $100)	2004 Tax Rate (per $100)	2005 Tax Rate (per $100)	2006 Tax Rate (per $100)
Kane County	$0.4292	$0.3578	$0.3467	$0.3367	$0.3452
Kane County Forest Preserve	0.1395	0.1270	0.1432	0.1905	0.1747
Geneva Township	0.0494	0.0466	0.0447	0.0432	0.0415
Geneva Township Road District	0.0250	0.0236	0.0225	0.0220	0.0211
City of Geneva	0.7417	0.6949	0.6550	0.6209	0.5859
Community College District #516	0.4043	0.4134	0.4099	0.3933	0.3984
Geneva Park District	0.4376	0.4357	0.4644	0.4385	0.4298
Geneva Library	0.3213	0.3028	0.2927	0.2851	0.2740
Geneva Community Unit School District #304	5.0405	4.9617	5.0255	4.9572	4.8008
TOTAL	$7.5885	$7.3635	$7.4046	$7.2874	$7.0713 *

* Equivalent to $707.13 per $10,000 of equalized assessed valuation.

Source: Kane County Clerk's Office

Exhibit F - Representative Largest Taxpayers

Taxpayer	Product or Service	2006 Assessed Valuation
Geneva Commons, LP	Shopping center	$29,414,249
Randall Square	Shopping center	9,455,957
Delnor Community Health Care Foundation	Health center and medical offices	9,179,120
NGP Realty Sub LP	Eaglebrook County Club, golf course	7,267,628
SFERS Real Estate Corp.	Commercial property	7,011,449
Brittany Court Limited Partnership	Apartment building and parking	6,658,352
Delnor Community Health System	Health center and medical offices	6,041,786
Wal-Mart Real Estate Business Trust	Shopping Center	5,907,918
Aldi Inc.	Shopping Center	5,753,999
Vista Investments	Industrial building and parking	5,076,408

Source: Office of Supervisor of Assessments, Kane County, Illinois

Exhibit G - Combined Statement of Revenues, Expenditures and Changes in Fund Balances, 2002-2006

	General	Special Revenue	Bond & Interest	Capital Projects	Working Cash	Memorandum
Beginning Balance July 1, 2001	($3,990,307)	$406,488	$4,136,566	$30,044,281	$14,304,257	$44,901,285
Revenues	$35,838,670	4,175,900	5,310,001	1,225,384	181,620	46,731,575
Expenditures	$38,063,269	2,820,687	5,234,987	16,186,864	0	62,305,807
Transfers	$1,463,802	0	(1,463,802)	0	0	0
Other	$0	0	0	0	0	0
Ending Balance June 30, 2002	($4,751,104)	$1,761,701	$2,747,778	$15,082,801	$14,485,877	$29,327,053
Beginning Balance July 1, 2002	($4,751,104)	$1,761,701	$2,747,778	$15,082,801	$14,485,877	$29,327,053
Revenues	40,132,258	4,563,566	6,132,695	836,231	85,765	51,750,515
Expenditures	40,744,082	3,077,963	6,033,451	10,599,892	0	60,455,388
Transfers	521,743	(15,361)	(138,479)	0	(367,903)	0
Other	253,284	(1,339,848)	(834,343)	1,487,278		(433,629)
Ending Balance June 30, 2003	($4,587,901)	$1,892,095	$1,874,200	$6,806,418	$14,203,739	$20,188,551
Beginning Balance July 1, 2003	($4,587,901)	$1,892,095	$1,874,200	$6,806,418	$14,203,739	$20,188,551
Revenues	47,778,772	5,150,233	6,694,730	64,817	65,366	59,753,918
Expenditures	45,099,308	5,682,264	5,765,137	2,087,915	0	58,634,624
Transfers	2,823,090	(5,729)	(30,166)	(2,721,829)	(65,366)	0
Other	0	3,029,000	15,376	0	0	3,044,376
Ending Balance June 30, 2004	$914,653	$4,383,335	$2,789,003	$2,061,491	$14,203,739	$24,352,221
Beginning Balance July 1, 2004	$914,653	$4,383,335	$2,789,003	$2,061,491	$14,203,739	$24,352,221
Revenues	45,193,721	5,494,336	7,473,856	118,818	136,590	58,417,321
Expenditures	44,714,436	5,884,680	8,182,670	4,108,375	0	62,890,161
Transfers	199,492	(16,879)	(32,595)	0	(150,018)	0
Other	0	565,190	89,671	46,186,000	0	46,840,861
Ending Balance June 20, 2005	$1,593,430	$4,541,302	$2,137,265	$44,257,934	$14,190,311	$66,720,242
Beginning Balance July 1, 2005	$1,593,430	$4,541,302	$2,137,265	$44,257,934	$14,190,311	$66,720,242
Revenues	49,934,719	5,542,884	8,890,126	1,833,928	295,171	66,496,828
Expenditures	47,568,704	7,126,074	8,372,620	26,239,842	0	89,307,240
Transfers	412,396	(29,227)	(87,998)	0	(295,171)	0
Other	416,000	2,931,634	0	0	0	3,347,634
Ending Balance June 30, 2006	$4,787,841	$5,860,519	$2,566,773	$19,852,020	$14,190,311	$47,257,464

Note: There was a change in the accounting basis in FY 2003. Adjustments were made in the Other line item.

Source: Audited financial statements of the District for the years-ending 2002-2006.

Exhibit H - Official Budget, Fiscal 2007

	General	Special Revenue	Bond & Interest	Capital Projects	Working Cash	Memorandum
Beginning Balance July 1, 2006	$4,787,841	$5,860,519	$2,566,773	$19,852,020	$14,190,311	$47,257,464
Revenues	67,702,411	8,912,735	9,637,594	1,285,840	300,000	87,838,580
Expenditures	66,619,581	7,965,542	9,203,628	21,021,225	0	104,809,976
Transfers	418,000	(30,000)	(88,000)	0	(300,000)	0
Other	0	0	0	0	0	0
Ending Balance June 30, 2007	$6,288,671	$6,777,712	$2,912,739	$116,635	$14,190,311	$30,286,068

Source: The District.

Exhibit I – Form of Opinion of Bond Counsel

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

We hereby certify that we have examined certified copy of the proceedings of the Board of Education of Community Unit School District Number 304, Kane County, Illinois (the *"District"*), passed preliminary to the issue by the District of its fully registered General Obligation School Bonds, Series 2007A (the *"Bonds"*), to the amount of $85,820,000, dated July 1, 2007, due serially on January 1 of the years and in the amounts and bearing interest as follows:

2020	$ 2,650,000	5.00%
2021	4,050,000	5.00%
2022	10,595,000	9.00%
2023	11,550,000	9.00%
2024	12,590,000	9.00%
2025	13,720,000	9.00%
2026	14,960,000	5.00%
2027	15,705,000	5.00%

the Bonds due on January 1, 2020, 2021, 2026 and 2027, being subject to redemption prior to maturity at the option of the District as a whole or in part in any order of their maturity as determined by the District (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on January 1, 2017 or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in such proceedings, and we are of the opinion that such proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the District, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. The amount of said taxes that may be extended to pay the Bonds is, however, limited as provided by the Property Tax Extension Limitation Law of the State of Illinois, as amended (the *"Law"*). The Law provides that the annual amount of said taxes to be extended to pay the Bonds and all other limited bonds (as defined in the Local Government Debt Reform Act of the State of Illinois, as amended) heretofore and hereafter issued by the District shall not exceed the debt service extension base (as defined in the Law) of the District, as more fully described in said proceedings.

It is our opinion that, subject to the District's compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the *"Code"*), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such District covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds. In rendering our opinion on tax exemption, we have relied on the mathematical computation of the yield on the Bonds and the yield on certain investments by Causey Demgen & Moore Inc., Certified Public Accountants, Denver, Colorado.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the District with respect to certain material facts within the District's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Exhibit J – Specimen of Municipal Bond Insurance Policy

FINANCIAL SECURITY ASSURANCE®

MUNICIPAL BOND INSURANCE POLICY

SPECIMEN

ISSUER: Policy No.: -N

BONDS: Effective Date:

Premium: $

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

[Countersignature] FINANCIAL SECURITY ASSURANCE INC.

By ______________________ By ______________________
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd. (212) 826-0100
31 West 52nd Street, New York, N.Y. 10019

Form 500NY (5/90)

Exhibit K - Audited Financial Statements, 2006

Geneva Community Unit School District Number 304

Annual Financial Report

June 30, 2006

GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

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June 30, 2006

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Bark Associates Ltd.
Certified Public Accountants

3255 N. Arlington Heights Road, Suite 507
Arlington Heights, IL 60004-1586
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Fax: (847) 870-9859
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Independent Auditor's Report

August 1, 2006

Board of Education
Geneva Community Unit
School District No. 304
227 North Fourth Street
Geneva, Illinois 60134

We have audited the basic financial statements of each of the individual funds and account groups arising from cash transactions of Geneva Community Unit School District No. 304, Geneva, Illinois as of and for the year ended June 30, 2006, as listed in the Table of Contents. These basic financial statements are the responsibility of the School District's Board of Education. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As more fully described in Note 1, these financial statements were prepared on the cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles.

These financial statements are issued to comply with regulatory provisions prescribed by the Illinois State Board of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles. They are intended to assure effective legislative and public oversight of school district financing and spending activities of accountable Illinois public school districts. Note 1 to these financial statements describes their basis of presentation.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund equity arising from cash transactions of Geneva Community Unit School District No. 304, Geneva, Illinois as of June 30, 2006, and its revenues and expenditures disbursed during the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated July 26, 2006 on our consideration of Geneva Community Unit School District No. 304's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying statements and schedules listed as "Supplemental Information" in the Table on Contents are presented for purposes of additional analysis and are not a required part of the financial statements of Geneva Community Unit School District No. 304. The "Supplemental Information" has been subjected to the auditing procedures applied in the audit of the financial statements referred to above and, in our opinion, is fairly stated in all material respects in relation to the financial statements as a whole. Also, the average daily attendance statistics presented on Schedule 3 were not audited and accordingly we express no opinion on them.

Bark Associates, Ltd

BARK ASSOCIATES LTD
Arlington Heights, Illinois
August 1, 2006

Bark Associates Ltd.
Certified Public Accountants

3255 N. Arlington Heights Road, Suite 507
Arlington Heights, IL 60004-1586
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Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

August 1, 2006

The Board of Education
Geneva Community Unit
School District No. 304
227 North Fourth Street
Geneva, Illinois 60134

We have audited the financial statements of Geneva Community Unit School District No. 304 as of and for the year ended June 30, 2006, and have issued our report thereon dated August 1, 2006. The report on the financial statements was adverse due to the omission of government-wide financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance
As part of obtaining reasonable assurance about whether Geneva Community Unit School District No. 304's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting
In planning and performing our audit, we considered Geneva Community Unit School District No. 304's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be a material weakness.

This report is intended solely for the information and use of the Board of Education, management, the Illinois State Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bark Associates Ltd

BARK ASSOCIATES LTD
Arlington Heights, Illinois
August 1, 2006

GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304
Statement of Assets, Liabilities and Fund Balances Arising from Cash Transactions - Regulatory Basis
All Fund Types and Account Groups
June 30, 2005

Assets	Educational	Operations and Maintenance	Bond and Interest	Transportation	Illinois Municipal Retirement/ Social Security
Assets					
Cash and Investments	$ 3,626,860	$ 5,565,028	$ 2,566,773	$ 3,272,995	$ 2,587,524
Due from Educational Fund	-	-	-	-	-
General Fixed Assets					
Land	-	-	-	-	-
Buildings	-	-	-	-	-
Improvements Other than Buildings	-	-	-	-	-
Equipment Other than Transportation	-	-	-	-	-
Transportation Equipment	-	-	-	-	-
Food Service Equipment	-	-	-	-	-
Amount Available in Debt Service Fund	-	-	-	-	-
Amount to be Provided for Payment of Bonds	-	-	-	-	-
Total Assets	$ 3,626,860	$ 5,565,028	$ 2,566,773	$ 3,272,995	$ 2,587,524
Liabilities and Fund Balance					
Liabilities					
Due to Working Cash Fund	$ 4,382,040	$ -	$ -	$ -	$ -
Due to Employees	22,007	-	-	-	-
Bonds Payable	-	-	-	-	-
Due to Activity Fund Organizations	-	-	-	-	-
Total Liabilities	4,404,047	-	-	-	-
Fund Balances					
Investment in General Fixed Assets	-	-	-	-	-
Fund Balance					
Reserved	3,543,855	-	2,566,773	-	-
Unreserved	(4,321,042)	5,565,028	-	3,272,995	2,587,524
Total Fund Balances	(777,187)	5,565,028	2,566,773	3,272,995	2,587,524
Total Liabilities and Fund Balance	$ 3,626,860	$ 5,565,028	$ 2,566,773	$ 3,272,995	$ 2,587,524

The Notes to Financial Statements are an integral part of this statement

Site and Construction/ Capital Improvement	Working Cash	Fire Prevention and Safety	Trust and Agency	General Fixed Assets	General Long-Term Debt	Total (Memorandum Only)
$ 19,850,065	$ 9,808,271	$ 1,955	$ 895,977	$ -	$ -	$ 48,175,448
-	4,382,040	-	-	-	-	4,382,040
		-				
-	-	-	-	5,930,981	-	5,930,981
-	-	-	-	89,290,521	-	89,290,521
-	-	-	-	1,871,132	-	1,871,132
-	-	-	-	9,912,751	-	9,912,751
-	-	-	-	3,455,344	-	3,455,344
-	-	-	-	1,137,872	-	1,137,872
-	-	-	-	-	2,566,773	2,566,773
-	-	-	-	-	110,299,932	110,299,932
$ 19,850,065	$ 14,190,311	$ 1,955	$ 895,977	$ 111,598,601	$ 112,866,705	$ 277,022,794

$ -	$ -	$ -	$ -	$ -	$ -	$ 4,382,040
-	-	-	-	-	-	22,007
-	-	-	-	-	112,866,705	112,866,705
-	-	-	895,977	-	-	895,977
-	-	-	895,977	-	112,866,705	118,166,729
-	-	-	-	111,598,601	-	111,598,601
19,850,065	-	1,955	-	-	-	25,962,648
-	14,190,311	-	-	-	-	21,294,816
19,850,065	14,190,311	1,955	-	111,598,601	-	158,856,065
$ 19,850,065	$ 14,190,311	$ 1,955	$ 895,977	$ 111,598,601	$ 112,866,705	$ 277,022,794

GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

Statement of Revenue Received, Expenditures Disbursed and Changes in Fund Balances

All Funds Except Agency Funds

For the Year Ended June 30, 2006

	Educational	Operations and Maintenance	Bond and Interest
Revenues Received			
Local Sources	$ 37,849,214	$ 7,716,039	$ 8,890,126
Flow-Through Revenues from One LEA to Another LEA	812,473	-	-
State Sources	3,374,687	-	-
Federal Sources	182,306	-	-
Total Direct Revenues Received	42,218,680	7,716,039	8,890,126
Revenues Received for "On Behalf" Payments	1,787,856	-	-
Total Revenues Received	44,006,536	7,716,039	8,890,126
Expenditures Disbursed			
Instruction	26,208,845	-	-
Support Services	11,034,467	8,514,789	-
Community Services	5,147	-	-
Nonprogrammed Charges	1,805,456	-	-
Debt Services	-	-	8,372,620
Total Direct Expenditures Disbursed	39,053,915	8,514,789	8,372,620
Expenditures Disbursed for "On Behalf" Payments	1,787,856	-	-
Total Expenditures Disbursed	40,841,771	8,514,789	8,372,620
Excess (Deficiency) of Revenues Received Over (Under) Expenditures Disbursed	3,164,765	(798,750)	517,506
Other Financing Sources (Uses)			
Permanent Transfer-In	620,837	-	-
Permanent Transfer-Out	-	(208,441)	(87,998)
Sale or Compensation for Fixed Assets	-	416,000	-
Excess (Deficiency) of Revenues Received and Other Financing Sources Over (Under) Expenditures Disbursed and Other Uses	3,785,602	(591,191)	429,508
Fund Balance, July 1, 2005	(4,562,789)	6,156,219	2,137,265
Fund Balance, June 30, 2006	$ (777,187)	$ 5,565,028	$ 2,566,773

The Notes to Financial Statements are an integral part of this statement

Transportation	Illinois Municipal Retirement/ Social Security	Site and Construction/ Capital Improvement	Working Cash	Fire Prevention and Safety	Total (Memorandum Only)
$ 2,198,888	$ 2,110,047	$ 1,828,271	$ 295,171	$ 5,657	$ 60,893,413
-	-	-	-	-	812,473
1,233,949	-	-	-	-	4,608,636
-	-	-	-	-	182,306
3,432,837	2,110,047	1,828,271	295,171	5,657	66,496,828
-	-	-	-	-	1,787,856
3,432,837	2,110,047	1,828,271	295,171	5,657	68,284,684
-	512,423	-	-	-	26,721,268
5,541,424	1,072,227	25,887,246	-	352,596	52,402,749
-	-	-	-	-	5,147
-	-	-	-	-	1,805,456
-	-	-	-	-	8,372,620
5,541,424	1,584,650	25,887,246	-	352,596	89,307,239
-	-	-			1,787,856
5,541,424	1,584,650	25,887,246	-	352,596	91,095,096
(2,108,587)	525,397	(24,058,975)	295,171	(346,939)	(22,810,412)
-	-	-	-	-	620,837
(29,227)	-	-	(295,171)	-	(620,837)
2,931,634	-	-	-	-	3,347,634
793,820	525,397	(24,058,975)	-	(346,939)	(19,462,778)
2,479,175	2,062,127	43,909,040	14,190,311	348,894	66,720,242
$ 3,272,995	$ 2,587,524	$ 19,850,065	$ 14,190,311	$ 1,955	$ 47,257,464

GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304
Statement of Revenues Received
All Funds Except Agency Funds
For the Year Ended June 30, 2006

	Educational	Operations and Maintenance
Revenues Received		
Local Sources		
Ad Valorem Taxes Levied		
General Levy	$ 33,181,216	$ 7,254,338
Tort Immunity Levy	299,013	-
Special Education Levy	430,904	-
Social Security/Medicare Tax Levy	-	-
Payments in Lieu of Taxes		
Corporate Personal Property Replacement Taxes	830,038	-
Tuition	4,798	-
Transportation Fees	-	-
Interest on Investments	156,002	208,441
Food Services		
Sales to Pupils-Lunch	423,267	-
Sales to Pupils-A la Carte	887,292	-
Sales to Pupils-Other	16,856	-
Sales to Adults	6,813	-
Other Food Service	39,223	-
Pupil Activities		
Athletic Admissions	60,899	-
Book Store Sales	472,711	-
Other Pupil Activity Revenue (Describe & Itemize)	60,812	-
Fees	481,074	-
Other Local Sources		
Rentals	-	238,407
Contributions and Donations from Private Sources	-	-
Refund of Prior Years' Expenditures	85,561	5,879
Payments from Other LEAs	79,897	-
Sale of Vocational Projects	224,209	
Local Fees	7,102	
Other	101,527	8,974
Total Local Sources	37,849,214	7,716,039

The Notes to Financial Statements are an integral part of this statement

Bond and Interest	Transportation	Illinois Municipal Retirement/ Social Security	Site and Construction/ Capital Improvement	Working Cash	Fire Prevention and Safety	Total (Memorandum Only)
$ 8,505,002	$ 2,149,477	$ 1,977,696	$ -	$ -	$ -	$ 53,067,729
-	-	-	-	-	-	299,013
-	-	-	-	-	-	430,904
-	-	-	-	-	-	-
						-
-	-	48,308	-	-	-	878,346
-	-	-	-	-	-	4,798
-	20,168	-	-	-	-	20,168
87,998	29,225	84,043	1,319,345	295,171	5,657	2,185,882
						-
-	-	-	-	-	-	423,267
-	-	-	-	-	-	887,292
-	-	-	-	-	-	16,856
-	-	-	-	-	-	6,813
-	-	-	-	-	-	39,223
						-
-	-	-	-	-	-	60,899
-	-	-	-	-	-	472,711
-	-	-	-	-	-	60,812
-	-	-	-	-	-	481,074
						-
-	-	-	-	-	-	238,407
-	-	-	508,926	-	-	508,926
297,126	18	-	-	-	-	388,584
						79,897
						224,209
						7,102
-	-	-	-	-	-	110,501
8,890,126	2,198,888	2,110,047	1,828,271	295,171	5,657	60,893,413

(Continued)

GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304
Statement of Revenues Received
All Funds Except Agency Funds
For the Year Ended June 30, 2006

	Educational	Operations and Maintenance
Flow-Through Revenues Received from One LEA to Another LEA		
Federal Sources	$ 812,473	$ -
Total Flow-Through Revenues Received from One LEA to Another LEA	812,473	-
State Sources		
Unrestricted Grants-In-Aid		
General State Aid	1,984,419	-
Restricted Grants-In-Aid		
Special Education		
Private Facility	467,942	-
Extraordinary		-
Personnel	556,790	-
Orphanage-Individual	(8,029)	-
Summer School	3,363	-
Vocational Education	-	-
Bilingual	3,591	-
State Free Lunch and Breakfast	2,592	-
Driver Education	38,247	-
Transportation		
Regular/Vocational	-	-
Special Education	-	-
Reading Improvement-Block Grant	130,702	-
School Safety and Educational Impr. Block Grant	180,746	-
Other State Sources	14,324	-
Total Restricted Grants-In-Aid	1,390,268	-
Total State Sources	3,374,687	-

The Notes to Financial Statements are an integral part of this statement

Bond and Interest	Transportation	Illinois Municipal Retirement/ Social Security	Site and Construction/ Capital Improvement	Working Cash	Fire Prevention and Safety	Total (Memorandum Only)
$ -	$ -	$ -	$ -	$ -	$ -	$ 812,473
-	-	-	-	-	-	812,473
-	-	-	-	-	-	1,984,419
-	-	-	-	-	-	467,942
-	-	-	-	-	-	-
-	-	-	-	-	-	556,790
-	-	-	-	-	-	(8,029)
-	-	-	-	-	-	3,363
-	-	-	-	-	-	-
-	-	-	-	-	-	3,591
-	-	-	-	-	-	2,592
-	-	-	-	-	-	38,247
-	790,667	-	-	-	-	790,667
-	443,282	-	-	-	-	443,282
-	-	-	-	-	-	130,702
-	-	-	-	-	-	180,746
-	-	-	-	-	-	14,324
-	1,233,949	-	-	-	-	2,624,217
-	1,233,949	-	-	-	-	4,608,636

(Continued)

GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304
Statement of Revenues Received
All Funds Except Agency Funds
For the Year Ended June 30, 2006

	Educational	Operations and Maintenance
Federal Sources		
Restricted Grants-In-Aid Received from the Federal Government through the State		
Title V - Innovation and Flexibility Formula	$ 58,532	$ -
National School Lunch Program	56,299	-
Title IV-Safe and Drug Free Schools	14,538	-
Title III-English Language Acquisition	4,234	-
Emergency Immigrant Assistance	10,815	-
Title II-Teacher Quality	15,075	-
Medicaid Matching Funds	22,813	-
Total Restricted Grants-In-Aid Received from the Federal Government through the State	182,306	-
Total Federal Sources	182,306	-
Total Revenues Received	42,218,680	7,716,039

The Notes to Financial Statements are an integral part of this statement

Bond and Interest	Transportation	Illinois Municipal Retirement/ Social Security	Site and Construction/ Capital Improvement	Working Cash	Fire Prevention and Safety	Total (Memorandum Only)
$ -	$ -	$ -	$ -	$ -	$ -	$ 58,532
-	-	-	-	-	-	56,299
-	-	-	-	-	-	14,538
-	-	-	-	-	-	4,234
-	-	-	-	-	-	10,815
-	-	-	-	-	-	15,075
-	-	-	-	-	-	22,813
-	-	-	-	-	-	182,306
-	-	-	-	-	-	182,306
8,890,126	3,432,837	2,110,047	1,828,271	295,171	5,657	66,496,828

(Concluded)

Exhibit D

GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304
Statement of Expenditures Disbursed - Budget and Actual
All Funds Except Trust Funds
For Year Ended June 30, 2006

	Budget	Actual
Educational Fund		
Expenditures		
Instruction		
Regular Programs		
Salaries	$ 17,477,357	$ 17,433,893
Employee Benefits	2,201,788	1,826,911
Purchased Services	77,050	64,944
Supplies and Materials	606,831	552,819
Capital Outlay	125,204	229,668
Other Objects	6,108	4,908
Tuition		1,517
	20,494,338	20,114,660
Special Education Programs		
Salaries	3,141,502	3,360,350
Employee Benefits	396,604	409,156
Purchased Services	4,900	11,351
Supplies and Materials	23,857	19,341
Capital Outlay	768	-
Other Objects	1,500	972
Tuition	469,259	471,406
	4,038,390	4,272,576
Educationally Deprived/ Remedial Programs		
Salaries	296,988	271,168
Employee Benefits	17,540	8,835
Purchased Services	-	1,640
Supplies and Materials	32,675	21,934
Other Objects	-	-
	347,203	303,577

The Notes to Financial Statements are an integral part of this statement

(Continued)

Exhibit D

GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304
Statement of Expenditures Disbursed - Budget and Actual
All Funds Except Trust Funds
For the Year Ended June 30, 2006

	Budget	Actual
Educational Fund (Continued)		
Instruction (Continued)		
Vocational Programs		
Salaries	$ 317,903	$ 295,356
Employee Benefits	-	20,269
Purchased Services	11,260	922
Supplies and Materials	13,183	10,544
Capital Outlay	-	-
Other Objects	-	-
	342,346	327,091
Interscholastic Programs		
Salaries	531,948	505,475
Employee Benefits	27,121	16,939
Purchased Services	82,634	88,180
Supplies and Materials	22,850	20,497
Capital Outlay	1,600	1,060
Other Objects	11,070	13,419
	677,223	645,570
Summer School Programs		
Salaries	37,335	42,334
Employee Benefits	-	497
Supplies and Materials	500	-
	37,835	42,831
Gifted Programs		
Salaries	433,580	418,922
Employee Benefits	54,245	38,997
Purchased Services	10,800	10,491
Supplies and Materials	4,500	4,752
Other Objects	400	578
	503,525	473,740

The Notes to Financial Statements are an integral part of this statement

(Continued)

GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304
Statement of Expenditures Disbursed - Budget and Actual
All Funds Except Trust Funds
For the Year Ended June 30, 2006

	Budget	Actual
Educational Fund (Continued)		
Instruction (Continued)		
Bilingual Programs		
Salaries	$ 215,000	$ 9,560
Employee Benefits	974	1,633
Purchased Services	-	839
Supplies and Materials	4,058	15,467
Capital Outlay	-	1,300
	220,032	28,799
Total Instruction	26,660,892	26,208,844
Support Services		
Pupils		
Attendance and Social Work Services		
Salaries	404,198	428,705
Employee Benefits	30,035	31,968
Purchased Services	-	163
Supplies and Materials	2,000	1,451
	436,233	462,287
Guidance Services		
Salaries	631,343	636,409
Employee Benefits	105,470	69,899
Purchased Services	4,500	350
Supplies and Materials	4,200	7,605
Other Objects	-	9,951
	745,513	724,214
Health Services		
Salaries	282,296	291,189
Employee Benefits	29,865	32,381
Purchased Services	2,000	2,767
Supplies and Materials	10,950	17,732
Capital Outlay	1,000	800
	326,111	344,869

The Notes to Financial Statements are an integral part of this statement

(Continued)

Exhibit D

GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304
Statement of Expenditures Disbursed - Budget and Actual
All Funds Except Trust Funds
For the Year Ended June 30, 2006

	Budget	Actual
Educational Fund (Continued)		
Support Services (Continued)		
Pupils (Continued)		
Psychological Services		
Salaries	335,630	337,613
Employee Benefits	47,027	31,413
Purchased Services	176,900	153,661
Supplies and Materials	2,250	1,966
Other Objects	1,700	2,001
	563,507	526,654
Speech Pathology and Audiology Services		
Salaries	508,547	512,123
Employee Benefits	37,003	55,662
Purchased Services	-	78,422
Supplies and Materials	3,821	3,465
	549,371	649,672
Total Pupils	2,620,735	2,707,696
Instructional Staff		
Improvement of Instruction Services		
Salaries	367,533	250,252
Employee Benefits	42,131	27,183
Purchased Services	115,892	102,503
Supplies and Materials	178,108	174,108
Capital Outlay	21,000	2,063
Other Objects	2,000	1,536
	726,664	557,645
Educational Media Services		
Salaries	927,070	822,363
Employee Benefits	86,225	63,863
Purchased Services	3,050	2,991
Supplies and Materials	112,794	112,751
Capital Outlay	-	-
Other Objects	-	-
	1,129,139	1,001,968

The Notes to Financial Statements are an integral part of this statement

(Continued)

Exhibit D

GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304
Statement of Expenditures Disbursed - Budget and Actual
All Funds Except Trust Funds
For the Year Ended June 30, 2006

	Budget	Actual
Educational Fund (Continued)		
Support Services (Continued)		
Instructional Staff (Continued)		
Assessment and Testing		
Salaries	$ 9,500	$ 8,830
Employee Benefits	4,305	104
Purchased Services	45,000	51,687
Supplies and Materials	34,359	34,360
Capital Outlay	-	-
Other Objects	-	-
	93,164	94,981
Total Instructional Staff	1,948,967	1,654,594
General Administration		
Board of Education Services		
Salaries	-	221,254
Employee Benefits	280,000	-
Purchased Services	825,158	846,350
Supplies and Materials	18,000	4,991
Other Objects	53,500	34,392
	1,176,658	1,106,987
Executive Administration Services		
Salaries	202,771	217,988
Employee Benefits	63,301	23,068
Purchased Services	34,500	33,234
Supplies and Materials	15,000	4,298
Capital Outlay	500	70
Other Objects	20,400	25,264
	336,472	303,922
Special Area Administrative Services		
Salaries	251,305	250,708
Employee Benefits	47,902	34,416
Supplies and Materials	12,000	7,029
Other Objects	5,850	974
	317,057	293,127
Total General Administration	1,830,187	1,704,036

The Notes to Financial Statements are an integral part of this statement

(Continued)

Exhibit D

GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304
Statement of Expenditures Disbursed - Budget and Actual
All Funds Except Agency Funds
For the Year Ended June 30, 2006

	Budget	Actual
Educational Fund (Continued)		
Support Services (Continued)		
School Administration		
Office of Principal Services		
Salaries	$ 1,896,017	$ 1,908,327
Employee Benefits	322,511	241,769
Purchased Services	47,663	43,098
Supplies and Materials	32,061	29,801
Capital Outlay	12,400	4,769
Other Objects	4,550	3,809
Total School Administration	2,315,202	2,231,573
Business		
Fiscal Services		
Salaries	250,220	254,082
Employee Benefits	58,820	41,830
Purchased Services	22,800	6,279
Supplies and Materials	22,668	16,002
Capital Outlay	15,705	12,924
Other Objects	16,000	32,053
	386,213	363,170
Food Services		
Salaries	14,523	15,664
Employee Benefits	3,127	5,360
Purchased Services	1,396,557	1,341,261
Supplies and Materials	5,500	2,581
Capital Outlay	-	1,881
Other Objects		952
	1,419,707	1,367,699
Internal Services		
Salaries	43,363	46,670
Employee Benefits	9,458	6,738
Purchased Services	274,665	313,051
Supplies and Materials	55,100	45,956
	382,586	412,415
Total Business	2,188,506	2,143,284

The Notes to Financial Statements are an integral part of this statement

(Continued)

Exhibit D

GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304
Statement of Expenditures Disbursed - Budget and Actual
All Funds Except Agency Funds
For the Year Ended June 30, 2006

	Budget	Actual
Educational Fund (Continued)		
Support Services (Continued)		
Central		
Staff Services		
Salaries	231,074	229,920
Employee Benefits	80,857	43,577
Purchased Services	12,100	13,109
Supplies and Materials	4,500	3,624
Capital Outlay	2,400	62
Other Objects	7,200	11,365
	338,131	301,657
Data Processing Services		
Salaries	156,681	155,692
Employee Benefits	11,276	18,701
Purchased Services	47,700	44,080
Supplies and Materials	34,704	31,081
Capital Outlay	17,000	24,975
Other Objects	2,754	914
	270,115	275,443
Total Central	608,246	577,100
Support Services (Continued)		
Other Support Services		
Salaries	14,000	13,862
Employee Benefits	-	1,489
Purchased Services	4,000	833
	18,000	16,184
Total Support Services	11,529,843	11,034,467
Community Services		
Purchased Services	1,103	135
Supplies and Materials	12,514	5,012
Total Community Services	13,617	5,147

The Notes to Financial Statements are an integral part of this statement

(Continued)

GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304
Statement of Expenditures Disbursed - Budget and Actual
All Funds Except Agency Funds
For the Year Ended June 30, 2006

	Budget	Actual
Educational Fund (Continued)		
Non-Programmed Charges		
Tuition	1,818,189	1,805,457
Provision for Contingencies	150,000	-
Total Educational Fund	$ 40,172,541	$ 39,053,915

Operations and Maintenance Fund

	Budget	Actual
Support Services (Continued)		
Business (Continued)		
Operation and Maintenance of Plant Services		
Salaries	$ 3,130,711	$ 2,999,131
Employee Benefits	474,209	452,243
Purchased Services	1,418,395	2,317,938
Supplies and Materials	1,915,419	1,786,986
Capital Outlay	3,513,973	946,933
Other Objects	207,000	11,558
	10,659,707	8,514,789
Total Support Services	10,659,707	8,514,789
Provision for Contingencies		-
Total Operations and Maintenance Fund	$ 10,659,707	$ 8,514,789

(Continued)

Exhibit D

GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304
Statement of Expenditures Disbursed - Budget and Actual
All Funds Except Agency Funds
For the Year Ended June 30, 2006

	Budget	Actual
Bond and Interest Fund		
Debt Services		
Principal	$ 4,219,150	$ 4,219,150
Interest	3,566,237	4,153,470
Fiscal Charges	10,000	-
Total Bond and Interest Fund	$ 7,795,387	$ 8,372,620
Transportation Fund		
Support Services		
Business		
Pupil Transportation Services		
Salaries	$ 1,467,413	$ 1,438,163
Employee Benefits	35,310	42,520
Purchased Services	865,790	768,422
Supplies and Materials	275,800	227,099
Capital Outlay	3,098,813	3,057,918
Other Objects	59,000	7,302
	5,802,126	5,541,424
Provision for Contingencies		-
Total Transportation Fund	$ 5,802,126	$ 5,541,424

The Notes to Financial Statements are an integral part of this statement

(Continued)

Exhibit D

GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304
Statement of Expenditures Disbursed - Budget and Actual
All Funds Except Agency Funds
For the Year Ended June 30, 2006

Municipal Retirement/Social Security Fund

	Budget	Actual
Instruction		
Regular Programs	$ 283,600	$ 260,434
Special Education Programs	187,600	198,797
Educationally Deprived/ Remedial Programs	31,900	28,364
Vocational Programs	-	2,093
Interscholastic Programs	15,875	16,018
Summer School Programs	3,600	610
Gifted Programs	3,900	5,985
Bilingual Programs	1,200	122
Total Instruction	527,675	512,423
Support Services		
Pupils	$ 101,100	$ 75,515
Instructional Staff	70,200	53,347
General Administration	28,950	28,977
School Administration	129,950	131,630
Business	769,550	724,204
Central	30,000	56,225
Other Support Services		2,329
Total Support Services	1,129,750	1,072,227
Total Municipal Retirement/ Social Security Fund	$ 1,657,425	$ 1,584,650

The Notes to Financial Statements are an integral part of this statement

(Continued)

GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304
Statement of Expenditures Disbursed - Budget and Actual
All Funds Except Agency Funds
For the Year Ended June 30, 2006

	Budget	Actual
Site and Construction/Capital Improvement Fund		
Support Services		
Business		
Facilities Acquisition and Construction Services		
Purchased Services	$ 2,408,400	$ 1,529,173
Supplies and Materials	67,484	159,649
Capital Outlay	34,000,000	24,198,424
Total Site and Construction/ Capital Improvement Fund	$ 36,475,884	$ 25,887,246
Fire Prevention and Safety Fund		
Support Services		
Business		
Facilities Acquisition and Construction Services		
Purchased Services	$ 175,000	$ 320,606
Capital Outlay	176,062	31,990
Total Fire Prevention and Safety Fund	$ 351,062	$ 352,596

The Notes to Financial Statements are an integral part of this statement

(Concluded)

(1) Summary of Significant Accounting Policies

Geneva Community Unit School District No. 304 (the District) is governed by an elected Board of Education. The District's accounting policies conform to the cash basis of accounting as defined by the Illinois State Board of Education Audit Guide. The financial statements are prepared to comply with regulatory provisions prescribed by the Illinois State Board of Education. These provisions are intended to assure effective legislative and public oversight of school district financing and spending activities of accountable Illinois public school districts.

(a) Principles Used to Determine the Scope of the Reporting Entity

The District includes all funds and account groups of its governmental operations that are controlled by or dependent upon the District as determined on a basis of financial accountability. Financial accountability includes appointment of the organization's governing body, imposition of will and fiscal dependency. The accompanying financial statements include only those funds and account groups of the District as there are no other organizations for which it has financial accountability.

(b) Basis of Presentation - Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities (arising from cash transactions), fund balance, revenues received and expenditures disbursed. The District maintains individual funds required by the State of Illinois. The various funds are summarized by type in the financial statements. The funds are grouped, as required for reports filed with the Illinois State Board of Education. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types and account groups are used by the District.

Governmental Fund Types

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (arising from cash transactions) are accounted for through governmental funds.

(Continued)

Educational Fund
The Educational Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Tort Immunity and Special Education are included in these funds.

Operations and Maintenance Fund
The Operations and Maintenance Fund is also a general operating fund of the District. It is used to account for costs of maintaining school buildings.

Bond and Interest Fund
The Bond and Interest Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Transportation Fund
The Transportation Fund accounts for the costs of transporting pupils to and from school and school activities.

Municipal Retirement/Social Security Fund
The Municipal Retirement/Social Security Fund is used to pay the District's share of municipal retirement benefits for covered employees. The District's share of social security and medicare only is also paid from this fund if a separate tax is levied for that purpose.

Site and Construction and Fire Prevention and Safety Fund
The Site and Construction and Fire Prevention and Safety Funds account for the bond proceeds to be used for building and equipment for new District buildings and improvements.

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

Expendable Trust Fund
The Expendable Trust Fund (Working Cash Fund) accounts for financial resources to be used for temporary interfund loans to the Governmental Funds.

(Continued)

Agency Funds

The Agency Funds (Activity Funds) include both Student Activity Funds and Convenience Accounts. They account for assets held by the District as an agent for the students and teachers. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the activity fund organizations are equal to the assets.

Governmental and Expendable Trust Funds - Measurement Focus

The financial statements of all Governmental Funds and Expendable Trust Funds focus on the measurement of spending or "financial flow" and the determination of changes in financial position rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues received and other financing sources) and decreases (expenditures disbursed and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

General Fixed Assets and General Long-Term Debt Account Groups

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Long-term liabilities are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not funds. They are concerned only with the measurement of financial position and not with measurement of results of operations.

(Continued)

(c) Basis of Accounting

Basis of accounting refers to when the revenues received and expenditures disbursed are recognized in the accounts and how they are reported within the financial statements. The District maintains its accounting records for all funds and account groups on the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Proceeds from sales of bonds are included as Other Financing Sources in the appropriate fund on the date received. Related bond principal payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

(d) Budgets and Budgetary Accounting

The budget for all Governmental Fund Types and for the Expendable Trust Fund is prepared on the cash basis of accounting, which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with the Illinois Compiled Statutes.

For each fund, total fund expenditures disbursed may not legally exceed the budgeted amounts, however any budget excesses were absorbed by surpluses that existed at the beginning of the year. The budget lapses at the end of each fiscal year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

(1) Prior to July 1, 2005, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures disbursed and the means of financing them.

(Continued)

(2) A public hearing was conducted at a public meeting to obtain taxpayers comments.

(3) The budget was passed on September 26, 2005 through passage of a resolution by the Board of Education.

(4) Formal budgetary integration is employed as a management control device during the year.

(5) The Board of Education may make transfers between the various items in any fund not exceeding in the aggregate 10% of the total of such fund as set forth in the budget.

(6) The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

(e) Investments

Investments are stated at fair value. Gains or losses on the sale of investments are recognized upon realization. In accordance with the District cash and investment management policy, the institutions in which investments are made must be approved by the Board of Education.

(f) General Fixed Assets

General fixed assets have been acquired for general governmental purposes. At the time of purchase, assets are recorded as expenditures disbursed in the Governmental or Activity Funds and capitalized at cost in the general fixed assets account group. Donated general fixed assets are stated at estimated fair market value as of the date of acquisition. Assets acquired through leases considered to be capital leases in conformity with generally accepted accounting principles are recorded as expenditures disbursed in the governmental funds and capitalized at cost, excluding interest, in the general fixed assets account group. Depreciation accounting is not considered applicable (except to determine the per capita tuition charge).

(g) Accumulated Unpaid Vacation, Sick Pay and Other Employee Benefits

Employee vacation and sick leave is recorded when it is paid. Accumulated unpaid employee vacation and sick leave was earned prior to the current fiscal year but unused at the end of the current fiscal year is not material to the financial statements and therefore has not been reported as a liability of the governmental funds.

(Continued)

(h) Total Memorandum Only

The "Total Memorandum Only" column represents the aggregation (by addition) of the line item amounts reported for each fund type and account group. No consolidating or other elimination's were made in arriving at the totals; thus, they do not present consolidated information.

These totals are presented to facilitate financial analysis and are not intended to reflect the financial position or results of operations of the District as a whole.

(2) Property Taxes

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The levy was passed by the Board on December 12, 2005. Property taxes attach as an enforceable lien on property as of January 1 in the year the levy was made and are payable in two installments on approximately June 1 and September 1. The District receives significant distributions of tax receipts approximately one month after these due dates.

The following are the Kane County comparative property tax rates for the past two levy years:

		Levy Years	
		2005	2004
Assessed Valuation		$1,162,965,932	$1,072,636,322
Tax Rates	(A)		
Educational	3.0800	3.080	3.080
Tort Immunity	(B)	-	.052
Special Education	.0400	.040	.040
Operations and Maintenance	.6750	.675	.672
Transportation	.2000	.200	.199
Municipal Retirement	(B)	.084	.105
Social Security	(B)	.080	.095
Bond and Interest	(B)	.798	.782
Total		4.957	5.025

(A) Maximum tax rates per $100 of assessed valuation
(B) Rates as needed

(Continued)

	Levy Year 2005	2004
Extensions		
Educational	$ 35,819,351	$ 32,481,270
Tort Immunity	-	547,225
Special Education	465,186	421,835
Operations and Maintenance	7,850,020	7,086,506
Transportation	2,325,932	2,099,788
Municipal Retirement	982,590	1,112,905
Social Security	930,373	997,428
Bond and Interest	9,276,595	8,250,770
Total	$ 57,650,047	$ 52,997,727

(3) Personal Property Replacement Tax

During 2005/06, four installments of the 2005 and four installments of the 2006 Personal Property Replacement Taxes were received. Of the $878,346 received $48,308 was credited to the Illinois Municipal Retirement/Social Security Fund to satisfy the statutory lien on this money. The balance of $830,038 was allocated to the Educational Fund.

(4) Special Tax Levies and Restricted Equity

(a) Tort Immunity

Revenues received and the related expenditures of this restricted tax levy are accounted for in the General (Educational) Fund. A portion, $3,543,855 of the Educational equity represents the excess of cumulative revenues received over cumulative expenditures which is restricted for future Tort Immunity expenditures in accordance with the Illinois Compiled Statutes.

(Continued)

(b) Special Education

Revenues received and the related expenditures disbursed of this restricted tax levy are accounted for in the Educational Fund. Cumulative expenditures disbursed exceeded cumulative revenues received, therefore, there is no restriction of these funds in accordance with the Illinois Compiled Statutes.

(5) Cash and Investments

The District is allowed to invest in securities as authorized by the School Code of Illinois, Chapter 85, Sections 902 and 906: and Chapter 122, Section 8-7.

(a) Deposits

At June 30, 2006, the carrying amount of the District's deposits was $48,175,448 and the bank balances were $50,423,933. The deposits are categorized in accordance with risk factors created by governmental reporting standards.

Category #1	$ 1,751,973
Category #2	48,671,960
Category #3	-
Illinois School District Liquid Asset Fund	-
	$ 50,423,933

Category #1 includes deposits covered by depositing insurance or collateral held by the District in the District's name.

Category #2 includes deposits covered by collateral held by the financial institution's trust department in the District's name.

Category #3 includes deposits which are uncollateralized or for which the collateral is held by the financial institution's trust department, but not in the District's name.

The District classifies Certificates of Deposit as deposits in accordance with Governmental Reporting Standards.

(Continued)

(b) Investments

The following table categorizes the investments according to levels of risk:

	Category #1	Category #2	Category #3	Carrying Amount
Government Securities	$ 918,883	$ -	$ -	$ 918,883

Category #1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name.

Category #2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name.

Category #3 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent, but not in the District's name.

(6) Changes in General Fixed Assets

Changes in General Fixed Assets for the year ending June 30, 2006 were:

	Balance 7/1/05	Additions	Deletions	Balance 6/30/06
Land	$ 3,930,981	$ 2,000,000	$ -	$ 5,930,981
Buildings	89,290,521	-	-	89,290,521
Improvements Other than Buildings	1,871,132	-	-	1,871,132
Equipment Other than Transportation	9,495,291	417,460	-	9,912,751
Transportation Equipment	2,659,678	3,154,100	2,358,434	3,455,344
Food Services Equipment	1,137,872	-	-	1,137,872
Total	$108,385,475	$ 5,571,560	$ 2,358,434	$111,598,601

(Continued)

(7) Retirement Fund Commitments

(a) Teacher's Retirement System of the State of Illinois

The School District participates in the Teacher's Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers outside the City of Chicago.

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2006 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of the employees by the employer, are submitted to TRS by the employer.

In addition, virtually all members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund contribution was .6 percent during the year ended June 30, 2006, and the member THIS Fund health insurance contribution was .80 percent.

The State of Illinois makes contributions directly to TRS on behalf of the District's TRS-covered employees.

- **On-behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2006, the State of Illinois contributions were based on 7.06 percent of creditable earnings, and the District recognized revenue and expenditures of $1,787,856 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2005 and June 30, 2004, the State of Illinois contribution rates as percentages of creditable earnings were 11.76 percent ($2,830,806) and 13.98 percent ($3,279,693), respectively.

(Continued)

The District makes three other types of employer contributions directly to TRS.

- **2.2 formula contributions.** Employers contribute .58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ending June 30, 2006 were $ 146,878. Contributions for the years ending June 30, 2005, and June 30 2004, were $139,615 and $139,067, respectfully.

- **Federal and trust fund contributions.** When TRS members are paid from federal and trust funds administered by the District, there is a statutory requirement for the District to pay an additional employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust will be the same as the state contribution to TRS.

  For the year ended June 30, 2006, the employer pension contribution was 7.06 percent of salaries paid from federal and trust funds. For the two years ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2006 salaries totaling $24,938 were paid from federal and trust funds that required employer contributions of $1,761. For the years ended June 30, 2005 and June 30, 2004, required District contributions were $0.

- **Early Retirement Option (ERO).** The District is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires.

  Under Public Act 94-0004 a “Pipeline ERO” program is provided for members to retire under the same terms as the ERO program that expired Jun3 30, 2005, provided they meet certain conditions and retire on ot before July 1, 2007. If members do meet these conditions they can retire under th “Modified ERO” program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public ACT 94-0004 eliminates the waiver of members and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the pipeline ERO).

  Under the ERO program that expired on June 30, 2005 and the pipeline ERO, the maximum employer contribution is 100percent of the members highest salary used in the final average salary calculation.

(Continued)

Under the modified ERO, the maximum employer contribution is 117.5 percent.

Both the 100 percent and the 117.5 percent maximums apply when the member is age 55 at retirement.

There have been no retirements under the Pipeline ERO and Modified ERO for the years ended June 30, 2006, 2005 or 2004.

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and state funding requirements can be found in the *TRS Comprehensive Annual Financial Report* for the year ended June 30, 2004. The report for the year ended June 30, 2006 is expected to be available in late 2006.

These reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, Illinois 62794-9253. The most current report is also available on the TRS web site at www.trs.illinois.gov.

(b) Illinois Municipal Retirement Fund

Defined Benefit Pension Plan
An Agent- Multiple-Employer PERS

The School District defined benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. That report may be obtained at *www.imrf.org/pubs/pubs_homepage.htm* or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by state statute. The School District is required to contribute at an actuarially determined rate. The School District rate for calendar year 2005 was 9.35% of payroll. The School District contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2005 was 27 years.

(Continued)

For December 31, 2005, the School District's annual pension cost of $638,950 was equal to the School District's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2004 actuarial valuation were based on the 2002-2004 experience study.

Trend Information

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/05	$ 638,950	100%	$ 0
12/31/04	577,435	100%	0
12/31/03	511,447	100%	0
12/31/02	219,892	100%	0
12/31/01	101,420	100%	0
12/31/00	377,448	100%	0
12/31/99	354,418	100%	0
12/31/98	260,693	100%	0
12/31/97	193,366	100%	0
12/31/96	155,987	100%	0

(Continued)

Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/05	$ 8,928,776	$10,437,452	$ 1,508,676	85.55%	$ 6,833,692	22.08%
12/31/04	7,529,596	8,941,726	1,412,130	84.21	6,387,557	22.11
12/31/03	6,982,291	7,747,596	765,305	90.12	5,981,842	12.79
12/31/02	6,332,573	6,737,435	404,862	93.99	5,416,056	7.48
12/31/01	5,967,131	5,696,493	(270,638)	104.75	4,852,643	0.00
12/31/00	5,400,326	4,876,472	(523,854)	110.74	4,445,792	0.00
12/31/99	4,563,520	4,188,783	(374,737)	108.95	3,933,612	0.00
12/31/98	3,378,460	3,336,616	(41,844)	101.25	3,390,033	0.00
12/31/97	2,723,307	2,601,611	(121,696)	104.68	3,285,659	0.00
12/31/96	2,693,542	2,355,905	(337,637)	114.33	1,868,204	0.00
12/31/95	2,342,531	2,141,906	(200,625)	109.37	1,689,328	0.00

On a market value basis, the actuarial value of assets as of December 31, 200 is $9,035,241. On a market basis, the funded ratio would be 86.57%.

Digest of Changes

Assumptions:
The actuarial assumptions used to determine the actuarial accrued liability for 2005 are based on the 2002-2004 Experience Study.

The principal changes were:

-The 1994 Group Annuity mortality implemented.

-For Regular members, fewer normal and more early retirements are expected to occur.

(c) Social Security/Medicare

Employees not qualifying for coverage under the Illinois Teacher's Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees." These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security/Medicare. The District paid $903,778, the total required contribution for the current fiscal year.

(Continued)

(8) General Long-Term Debt

The following is a summary of the components of general long-term debt and related transactions of the District for the year ended June 30, 2006.

	Bonds
Balance, July 1, 2005	$ 117,085,855
Issued During the Year	-
Payments Made During Year	(4,219,150)
Balance, June 30, 2006	$ 112,866,705

(a) Bonds Payable

The Bonds Payable at June 30, 2006 were as follows:

November 1, 1992, $24,575,000 Building Bond Issue due in annual installments of $595,000 to $1,825,000 through 2010, interest rates of 5.60% to 9.00%.	$ 3,505,000
September 9, 1998, $35,599,917 Building Bond Issue due in annual installments of $1,018,456 to $3,983,544 through 2016, interest rate at 5.16365%	31,135,947
June 1, 2001, $11,600,000 Working Cash Bond Issue due in annual installments of $475,000 to $1,000,000 through 2021, interest rates of 4.25% to 5.75%	10,630,000
June 7, 2001, $19,499,905 Building Bond Issue due in annual installments of $35,819 to $3,607,240 through 2021, interest rate of 7.4389%	19,306,566
December 15, 2002, $6,715,000 Refunding Bond Issue due in annual installments of $970,000 to $1,440,000 through 2010, interest rates of 2.50% to 4.00%.	5,100,000
May 1, 2004, $2,790,000 Building Bond Issue due in one installment of $2,790,000 in 2024, interest rate of 6.20%	2,790,000

(Continued)

December 1, 2004, $32,925,000 Building Bonds due in annual installments of $180,000 to $9,175,000 through 2019, interest rates of 3.50% to 5.00%	32,140,000
December 23, 2004, $8,259,192 Capital Appreciation Bonds due in annual installments of $1,712,739 to $2,934,968 through 2017.	8,259,192
Total Bonds Payable at June 30, 2006	$ 112,866,705

See Schedule 2 for Future Cash Flow Requirements.

The District is subject to the Illinois Code, which limits the bond indebtedness to 13.8% of the most recent available equalized assessed valuation of the District. As of June 30, 2006, the statutory debt limit for the District was $160,489,299 providing a debt margin of $47,622,594.

(9) Common Bank Account

Separate bank accounts are not maintained for all District funds; instead, certain funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally, certain of the funds participating in the common bank account may incur overdrafts (deficits) in the account. The overdrafts result from disbursements, which have been approved by the school board.

(10) Deficit Fund Balances

At June 30, 2006 the Educational Fund within the General Fund had a deficit fund balance of $4,321,042.

(11) Overexpenditure of Budgets

Expenditures disbursed exceeded the budgets in the following individual funds:

Funds	Budget	Actual
Bond and Interest	$ 7,795,387	$ 8,372,620
Fire Prevention and Safety	351,062	352,596

(Continued)

(12) Interfund Loans

At June 30, 2006 interfund receivables and payables by individual fund consisted of the following:

Due From	*Due To*	*Amount*
Educational Fund	Working Cash	$ 4,382,040

(13) Permanent Transfers

Per the Board of Education, interest earned in the Operations and Maintenance Fund, Bond and Interest Fund, Transportation Fund and Working Cash Fund was permanently transferred to the Educational Fund in the amount of $208,441, $87,998, $29,227 and $295,171, respectively. These transfers have been reported as operating transfers at June 30, 2006.

(14) Risk Management

The District has purchased insurance coverage from private insurance companies to cover general liability and other risks. Premiums are charged against the individual funds as appropriate. The District has established self-insurance to provide medical, dental and workers compensation as discussed below.

(15) Self-Insurance Plans

The District is self-insured for employee medical and dental benefits. For the year ended June 30, 2006, the District had an agreement with an outside insurance administrator, who administers the program, evaluates the claims, and makes claim payments in accordance with the plan provisions. The plan is funded by the District and expenditures are incurred when the claims are paid. The District's liability will not exceed $50,000 per covered individual as provided by the stop loss coverage purchased from private insurance companies.

(Continued)

(16) Contingencies

The District has received funding from state and federal grants in the current and prior years, which are subject to audits by the granting agencies. The school District's management believes any adjustments that may arise from these audits will be insignificant to District operations.

The District is not a defendant in any significant litigation at June 30, 2006. Because the outcome is undeterminable at this time there has been no provision made within the financial statements for settlement costs. With regard to other matters whether asserted or not, there has also been no provision for settlement costs included within the financial statements.

(Concluded)

Schedule 1

GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

Agency Fund - Student Activity Funds
Statement of Changes in Assets and Liabilities
Year Ended June 30, 2006

Assets	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
Cash	$ 768,582	$ 1,917,164	$ 1,789,769	$ 895,977
Liabilities				
Due to Student Groups				
Geneva High School	$ 327,373	$ 996,147	$ 930,838	$ 392,682
Geneva Middle School	73,389	241,711	257,003	58,097
Geneva Middle School North	-	44,730	72	44,658
Coultrap School	58,785	82,492	84,230	57,047
Harrison School	15,204	89,689	87,960	16,933
Western School	11,831	49,557	44,739	16,649
Mill Creek School	4,996	39,575	39,790	4,781
Heartland School	14,193	42,780	38,885	18,088
Scholarship Funds	262,811	330,483	306,252	287,042
Total Liabilities	$ 768,582	$ 1,917,164	$ 1,789,769	$ 895,977

Schedule 2

GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

Schedule of Bond and Interest Payable
June 30, 2006

	Maturity for the Years Ended June 30	Principal	Interest	Total
School Building Bonds dated November 1, 1992 (Interest Payable June 1 and and December 1)	2007	$ 870,000	$ 218,083	$ 1,088,083
	2008	935,000	164,578	1,099,578
	2009	985,000	106,608	1,091,608
	2010	715,000	45,045	760,045
Total		3,505,000	534,314	4,039,314
School Building Bonds dated September 9, 1998 (Interest Payable January 1 and July 1)	2007	2,310,773	1,219,227	3,530,000
	2008	1,943,969	1,181,031	3,125,000
	2009	2,261,149	1,563,851	3,825,000
	2010	2,789,188	2,175,812	4,965,000
	2011	3,817,028	3,332,972	7,150,000
	2012	3,891,068	3,778,932	7,670,000
	2013	3,943,578	4,236,422	8,180,000
	2014	3,969,783	4,695,217	8,665,000
	2015	3,983,544	5,166,456	9,150,000
	2016	2,225,867	3,154,133	5,380,000
Total		31,135,947	30,504,053	61,640,000

(Continued)

GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

Schedule of Bonds and Interest Payable
June 30, 2006

	Maturity For the Years Ended June 30	Principal	Interest	Total
Working Cash Bonds dated June 1, 2001 (Interest Payable January 1 and July 1)	2007	$ 515,000	$ 573,215	$1,088,215
	2008	540,000	550,040	1,090,040
	2009	565,000	525,740	1,090,740
	2010	590,000	500,315	1,090,315
	2011	615,000	473,765	1,088,765
	2012	645,000	445,475	1,090,475
	2013	680,000	410,000	1,090,000
	2014	715,000	372,600	1,087,600
	2015	760,000	331,488	1,091,488
	2016	800,000	287,788	1,087,788
	2017	845,000	241,787	1,086,787
	2018	895,000	193,200	1,088,200
	2019	945,000	141,737	1,086,737
	2020	1,000,000	87,400	1,087,400
	2021	520,000	29,900	549,900
Total		10,630,000	5,164,450	15,794,450
School Building Bonds dated June 7, 2001 (Interest Payable January 1 and July 1)	2007	103,218	51,782	155,000
	2008	684,006	420,994	1,105,000
	2009	258,934	191,066	450,000
	2010	336,974	293,026	630,000
	2011	362,963	367,037	730,000
	2012	395,172	459,828	855,000
	2013	472,593	627,407	1,100,000
	2014	439,307	660,693	1,100,000
	2015	464,050	785,950	1,250,000
	2016	1,123,268	2,131,732	3,255,000
	2017	2,245,460	4,754,540	7,000,000
	2018	2,685,201	6,319,799	9,005,000
	2019	3,050,476	7,954,524	11,005,000
	2020	3,607,240	10,392,760	14,000,000
	2012	3,077,704	9,772,296	12,850,000
Total		19,306,566	45,183,434	64,490,000

(Continued)

GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

Schedule of Bond and Interest Payable
June 30, 2006

	Maturity For the Years Ended June 30	Principal	Interest	Total
Refunding Bonds dated December 15, 2002 (Interest Payable January 1 and July 1)	2007	$ 1,340,000	$ 190,600	$ 1,530,600
	2008	1,385,000	150,400	1,535,400
	2009	1,440,000	95,000	1,535,000
	2010	935,000	37,400	972,400
Total		5,100,000	473,000	5,573,400
Building Bonds dated May 1, 2004 (Interest Payable January 1 and July 1)	2007	-	172,980	172,980
	2008	-	172,980	172,980
	2009	-	172,980	172,980
	2010	-	172,980	172,980
	2011	-	172,980	172,980
	2012	-	172,980	172,980
	2013	-	172,980	172,980
	2014	-	172,980	172,980
	2015	-	172,980	172,980
	2016	-	172,980	172,980
	2017	-	172,980	172,980
	2018	-	172,980	172,980
	2019	-	172,980	172,980
	2020	-	172,980	172,980
	2021	-	172,980	172,980
	2022	-	172,980	172,980
	2023	-	172,980	172,980
	2024	2,790,000	172,980	2,962,980
Total		2,790,000	3,113,640	5,903,640

(Continued)

Schedule 2

GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

Schedule of Bond and Interest Payable
June 30, 2006

	Maturity For the Years Ended June 30	Principal	Interest	Total
Building Bonds dated December 1, 2004 (Interest Payable January 1 and July 1)	2007	$ 180,000	$ 1,439,875	$ 1,619,875
	2008	665,000	1,433,575	2,098,575
	2009	1,760,000	1,410,300	3,170,300
	2010	2,575,000	1,346,940	3,921,940
	2011	3,230,000	1,254,240	4,484,240
	2012	2,235,000	1,133,115	3,368,115
	2013	2,880,000	1,045,950	3,925,950
	2014	-	930,750	930,750
	2015	-	930,750	930,750
	2016	-	930,750	930,750
	2017	4,240,000	930,750	5,170,750
	2018	9,175,000	718,750	9,893,750
	2019	5,200,000	260,000	5,460,000
Total		32,140,000	13,765,745	45,905,745
Building Bonds dated May 1, 2004 (Interest Payable January 1)	2006	-	-	-
	2007	-	-	-
	2008	-	-	-
	2009	-	-	-
	2010	-	-	-
	2011	-	-	-
	2012	-	-	-
	2013	-	-	-
	2014	-	-	-
	2015	1,712,739	2,077,261	3,790,000
	2016	1,874,650	2,655,350	4,530,000
	2017	2,934,968	4,810,032	7,745,000
	2018	1,736,835	3,268,165	5,005,000
Total		8,259,192	12,810,808	21,070,000
Total General Obligation Bonds Payable		$112,866,705	$111,549,844	$224,416,549

(Concluded)

GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

Comparative Per Capita Costs

June 30, 2006

Total Expenditures Disbursed	
Educational Fund	$ 39,053,915
Operations and Maintenance Fund	8,514,789
Bond and Interest Fund	8,372,620
Transportation Fund	5,541,424
Municipal Retirement/Social Security Fund	1,584,650
Total	63,067,398
Less Revenues Received or Expenditures Disbursed Not Applicable to Operation Expense of Regular Programs	
Summer School	43,441
Tuition	2,118,656
Capital Outlay	4,294,374
NonProgrammed Charges	159,723
Bonds Retired	4,219,150
Community Services	5,147
Total	10,840,491
Less Offsetting Receipts	
Governmental Aid Claims	2,806,523
Transportation Fees	20,168
Rentals	238,407
Food Services	1,373,451
Pupil Activities	1,075,496
Payments from Other LEA's	86,999
Total	5,601,044
Total Deductions for Tuition Computation	16,441,535
Net Operating Expense for Tuition Computation	46,625,862
Add Total Depreciation Allowance	3,192,515
Total Allowance for Tuition Computation	$ 49,818,377
Average Daily Attendance	5,325
Per Pupil	
Cost before Depreciation	$ 8,756
Total Cost	$ 9,356